SOARING ABOVE
ADVERSITIES

KEONG HONG HOLDINGS LIMITED
ANNUAL REPORT 2022

CONTENTS

SOARING ABOVE ADVERSITIES

AMIDST A CHALLENGING OPERATING ENVIRONMENT, KEONG HONG WILL FOCUS ON MINIMISING COSTS, INCREASING PRODUCTIVITY AND IMPROVING EFFICIENCY. OUR FOUNDATION IS STRONG, OUR CAPABILITIES EVIDENT AND OUR EXPERTISE AND EXPERIENCE PROVEN. WE WILL REMAIN VIGILANT AND AGILE AND WILL BE PROACTIVE IN SEEKING NEW OPPORTUNITIES TO CONTINUE OUR GROWTH INTO THE FUTURE.

STAY LEAN AND EFFICIENT

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

The global and local economy has gone through much turbulence in 2022. The foremost factor which has impacted all businesses, ours being no exception, was inflation, which continues to cast a shadow over growth prospects. The prolonged Russia-Ukraine war has worsened inflationary pressures, impacting prices of raw materials, commodities, energy and transport. As such, while some of the COVID-19 pandemic woes have been somewhat alleviated, namely restrictions on the inflow of general labour and work-site safe-distancing measures, other challenges have persisted, namely the ongoing shortage of skilled labour and supply chain disruptions, which, twinned with inflationary pressures, have made the operating environment for the period under review challenging. Singapore's economy reflected the general post-COVID-19 pandemic recovery. GDP in the fourth quarter of FY2022 slowed to 2.2% year-on-year, from 4.2% the previous quarter. For the whole of 2022, the economy grew by 3.8%, slower than the 7.6% growth in 2021[1].

FINANCIAL HIGHLIGHTS

We closed our financial year ended 30 September 2022 ("FY2022") with revenue of $148.1 million, a 92.4% increase as compared with revenue of $77.0 million in the financial year ended 30 September 2021 ("FY2021"). We registered negative gross margin of 20.8% on the back of gross loss of $30.8 million as compared to gross profit margin of 9.7% and gross profit of $7.5 million in the previous year. The Group's other income of $9.4 million was an increase of 26.4% from $7.4 million in FY2021, attributed mainly to net foreign exchange gain recorded as compared to the previous year's net foreign exchange loss. The Group, consequently, recorded a larger net loss after tax of $46.6 million as compared to a net loss after tax of $20.2 million in FY2021.

On the Group's balance sheet, cash and cash equivalents stood at $22.6 million, with the Group registering negative operating cash flow before working capital changes. Net asset value per share was 47.2 cents as at 30 September 2022.

Given the Group's financial performance and taking into account the balance sheet, working capital requirements and access to future funds for possible investment and growth opportunities, the Board is not proposing any dividends for FY2022. Financial prudence remains a core strategy in the Group's bid to remain competitive and poised for long-term growth.

BUILDING CONSTRUCTION – OVERCOMING OBSTACLES TO GROWTH

The construction sector continued to show positive signs of recovery with public and private sector construction showing improved output with the easing of border restrictions on the inflow of migrant labour. The sector expanded by 10.4% in the fourth quarter of 2022, which was an increase from the 7.8% growth in the preceding quarter. Nevertheless, the value-added of the sector remained 19.3% below the pre-pandemic level[1]. The sector continued to face challenges, chief among them the rising costs associated with shortage of skilled labour and raw materials and commodities such as steel, aluminium and copper. The higher fuel costs have also affected transportation costs, further eroding margins.

1 Ministry of Trade and Industry, "Singapore's GDP Grew by 2.2 Per Cent in the Fourth Quarter of 2022 and by 3.8 Per Cent in 2022", 3 January 2023.

Our projects, such as The Antares, National Skin Centre, Wilshire Residences, Sky Everton and the additions and alterations work to the Grand Hyatt Hotel Singapore, have gathered momentum, after having been delayed by several months. The works are progressing well, with The Antares obtaining Temporary Occupation Permit (TOP) in December 2022. We have also secured another project, Sky Eden @ Bedok, a mixed residential-commercial development worth $70 million which is projected to be completed in 2025. This latest project will further enhance our portfolio of mixed developments and add to our order book which currently stands at approximately $425 million, with commercial projects forming 75% of the portfolio and residential projects making up the remainder.

The construction sector outlook for Singapore remains positive, which bodes well for us. The Building and Construction Authority had forecast the average annual construction demand for 2023 to 2026 at between $25 billion and $32 billion driven by public sector projects[2]. For 2022, construction demand was forecast to be between $27 billion and $32 billion, with the public sector expected to contribute about 60% of this, supported by a strong pipeline of public sector projects including healthcare and infrastructure works. The private sector demand is also anticipated to remain robust. Commercial projects are expected to increase given the fact that older buildings have been earmarked for refurbishment as are hotels and attractions, in anticipation of the rebound in tourism and new energy storage facilities and biopharmaceutical manufacturing plants are built as investment in these sectors grow.

With a strong track record in both private and public sector construction, we will be proactive in seeking new opportunities to enhance our project pipeline, while exercising prudence and being selective in the projects we tender for.

PROPERTY DEVELOPMENT – CONTINUED STRENGTH

The property sector has once again confounded economists, given the slowing economy. Property prices have continued their upsurge, resulting in the government introducing new cooling measures, this time aimed at stabilising public housing prices. Nevertheless, with uncertainty in equity markets and inflationary pressures, property, particularly in safe havens such as Singapore, offers a good safeguard against inflation and provides sound investment alternatives as global capital seeks more stable returns. Prices of residential properties increased by 0.2% in the fourth quarter of 2022 as compared with 3.8% in the preceding quarter. Reflecting the buoyancy in the sector, our private residential development project, The Antares, in the MacPherson/Paya Lebar area had been fully sold out and obtained its TOP in December 2022.

While the outlook for property in the longer-term horizon remains positive, the nearer term outlook is more cautious, given the global economic uncertainties, among them, rising interest rates and inflationary pressures coupled with the real possibility of a global recession. These may have a negative impact on buyer sentiment. Nevertheless, we will continue to seek property development projects and will remain prudent in any land acquisitions.

[2] Building and Construction Authority, "Sustained Construction Demand in 2022 supported by Public Sector Projects", 26 January 2022.

CHAIRMAN'S MESSAGE

HOTEL DEVELOPMENT AND INVESTMENT – TOURISM REVIVAL

In a complete reversal of fortunes from the previous year, the global tourism has rebounded, albeit with visitor arrivals still below pre-pandemic levels[3]. The easing of entry requirements into most countries, the overall effectiveness in managing COVID-19 infections, and high vaccinations rates, have seen the travel sector performing strongly.

The Maldives, where we have 49% equity interest in two hotel investments, Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort, has recorded more than 1.4 million tourist arrivals from January to November 2022, which is a 28.8% increase over last year[4]. The performance of our investments there has been in line with the industry.

Looking ahead, the tourism sector may face headwinds from an increasingly dire economic outlook brought about by the factors previously highlighted, namely, inflation, high cost of energy, the geopolitical situation caused by the Russia-Ukraine war as well as the evolving health situation related to the pandemic. Labour shortages in the travel industry, airport chaos and flight cancellations are added challenges which the sector have to grapple with. As such, we are cautiously optimistic of the performance of this sector which may impact our hotel properties and influence our near- to mid-term investment strategy.

OVERSEAS INVESTMENT OPPORTUNITIES

Our investment properties continue to provide us with stable recurring income. Our properties in Minamihorie, Osaka and in Honmachi, Osaka are 100% and 85% tenanted. Japan has suffered greatly due to the COVID-19 pandemic with its GDP contracting in the first half of the year. Nevertheless, as restrictions ease and economic activity picks

"DIGITALISATION AND AUTOMATION ARE IMPORTANT ASPECTS OF ENSURING WE ARE ABLE TO OPERATE WITH A LEAN WORKFORCE, AND THUS REDUCE RELIANCE ON INCREASINGLY SCARCE SKILLED LABOUR."

[3] World Tourism Organization, "International tourism consolidates strong recovery amidst growing challenges", 1 August 2022.
[4] Maldives Ministry of Tourism, Tourism statistics November 2022.

up pace, Japan is poised to experience growth. This, however, may be reined in by high inflation and the softening global economy. Japan nonetheless remains an important country for us and we will be looking at various strategic options which may include recycling our assets for more attractive returns.

We remain open to opportunities there, as well as other cities with growth prospects, such as Jakarta, Ho Chi Minh, Sydney, Melbourne and London.

LEAN AND EFFICIENT

With the challenges of a slowing economy, high inflation and rising interest rates due in part to tightening monetary policies, we have to focus efforts on minimising costs, increasing productivity and enhancing efficiency, to ensure a turnaround in our profitability. Digitalisation and where relevant, automation are important aspects of ensuring we are able to operate with a lean workforce, and thus reduce reliance on increasingly scarce skilled labour. We are already utilising the Aptiv8 IT Solutions for the process management of the additions and alterations work at the Grand Hyatt Hotel Singapore. AirSquire's cloud based 360-degree virtual sites are also being used to remotely visualise and manage site progress for our other projects. Doxa Connex, an award-winning procurement-to-payment system, is being experimented at the Grand Hyatt Hotel Singapore project in an effort to improve productivity and remove inefficiencies in the sector's procurement and payment processes.

Despite our focus on efficiency and efficacy, worksite safety remains a priority for us. We invest in worker education on safety protocols and procedures to ensure safe practices are ingrained in everyone. We have implemented safety time-outs previously where work is completely halted, in order for workers to highlight issues and improvements to operations and processes undertaken. We continue to inculcate a culture of responsibility and ownership at all levels of the organisation, right down to our worksites. We invest in skills upgrading for our staff, particularly in areas such as digitalisation to enable them to function more effectively and chart a promising career in the organisation.

Our commitments towards developing talent for the industry is unwavering. We have continued to support corporate social responsibility programmes in the education field such as the Institute of Technical Education (ITE) Work-Learn Technical Diploma programme. We are going to provide career development training for another two ITE trainees under the Work-Learn Technical Diploma programme for the academic year starting April 2023.

With climate change a pressing issue as recent natural calamities have demonstrated, sustainable practices have become all the more imperative. The following year will see disclosures related to climate-related issues made a part of regulatory compliance. Ahead of this, we have already been a firm advocate of sustainable practices, as our building and construction in our Maldivian resorts have demonstrated. We have been mindful of our performance on the sustainability front and have diligently tracked relevant metrics in this area. Current sustainability efforts include the commencement of roof solar panel installation at our Chin Bee factory and the abolition of single-use plastics at our Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort from 1 January 2023. Our conservation and other sustainability efforts and goals can be found in greater detail in our Sustainability Report 2022.

SEEING OPPORTUNITIES IN ADVERSITIES

Although the year ahead is anticipated by economists to be a difficult one, with a recession predicted, we are confident, albeit cautious, that there will be opportunities to be found if we remain vigilant and are quick enough to seize them. Our foundation is strong, our capabilities evident and our expertise and experience proven. We have to weigh opportunities that present themselves carefully, to ensure that they align with our business strategy and growth plans and that we have the necessary resources to undertake successfully any projects awarded, either alone or in cooperation with our trusted partners.

APPRECIATION AND ACKNOWLEDGEMENTS

I would like to express my thanks to the management, staff and our Board of Directors for their contributions this past year. Although it has been challenging, they have worked together to see the Group through and have been tireless in their efforts to keep us strong yet nimble. I would like to extend a warm welcome to Mr Xu Quanqiang, who was previously a non-Executive Director, to the management team and his new designation as an Executive Director. Mr Xu has assumed responsibility for our investment portfolio, including developing and implementing effective investment processes and strategies. He brings a wealth of experience and expertise to this role.

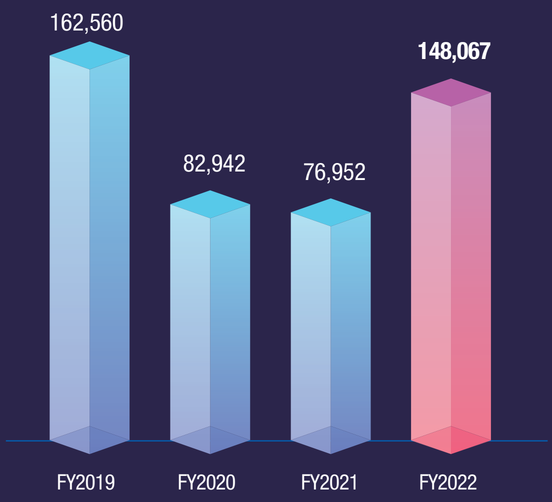
Last but not least, thank you to our business partners, associates, customers, and shareholders for your continued support of the Group and its endeavours. We remain committed to working hard to bring value to all our stakeholders, regardless of the prevailing conditions.

LEO TING PING RONALD
Chairman and Chief Executive Officer


RafflesHospital
RafflesHospital

OVERCOMING OBSTACLES TO GROWTH

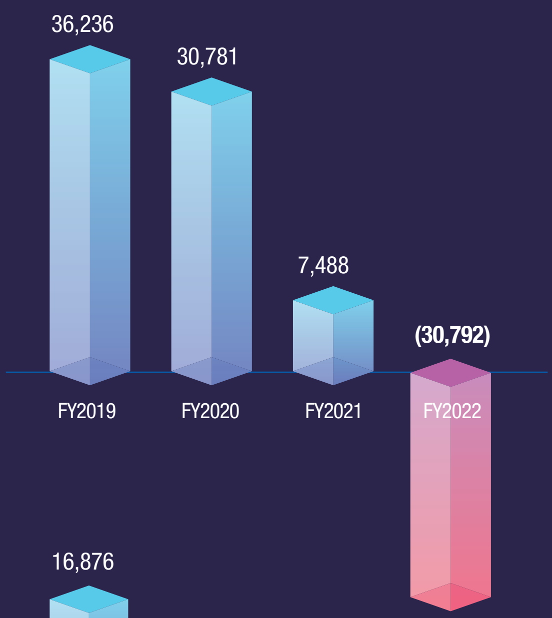
FINANCIAL HIGHLIGHTS



REVENUE ($'000)

Group's revenue increased by 92.4% to $148.1 million.

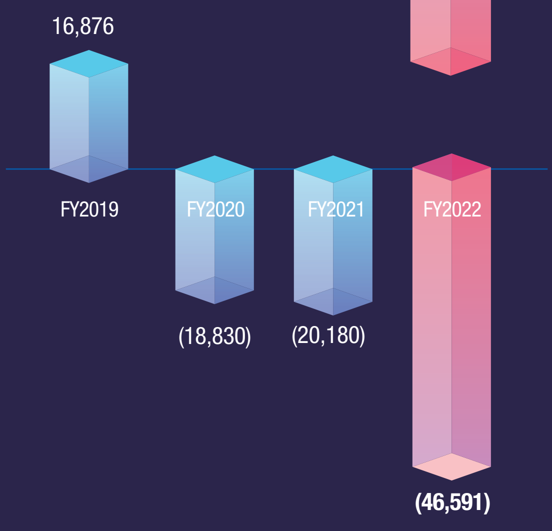
The increase in revenue was mainly due to improvement in construction productivity and commencement of upgrading works to Grand Hyatt Hotel Singapore.



GROSS PROFIT/LOSS ($'000)

Cost of sales jumped by 157% from $69.5 million in FY2021 to $178.9 million in FY2022. The substantial increase was mainly attributable to higher construction costs for building materials and labour.

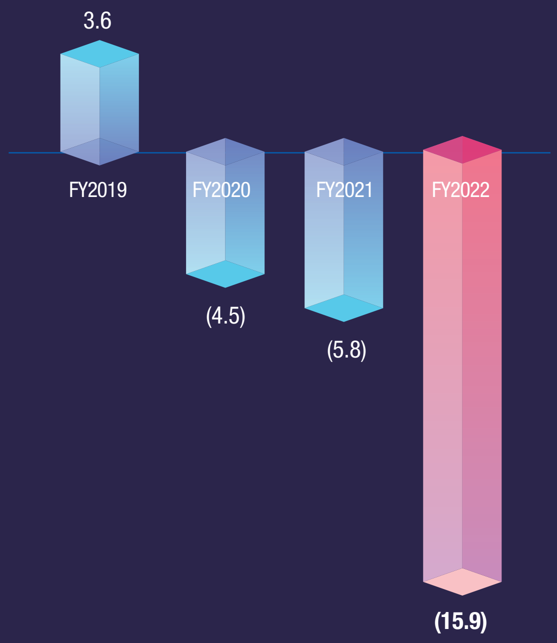
As a result, the Group sustained a gross loss of $30.8 million with negative gross profit margin of 20.8%.



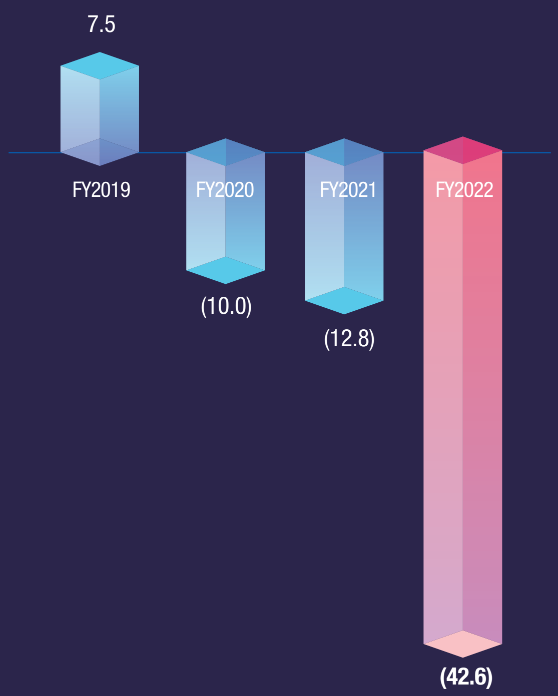
NET PROFIT/LOSS AFTER TAX ($'000)

Group's net loss after tax widened to $46.6 million.

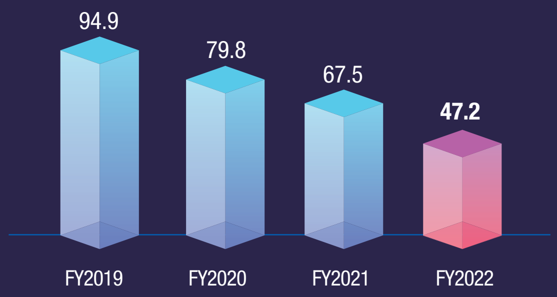
RETURN ON ASSETS (PER CENT)



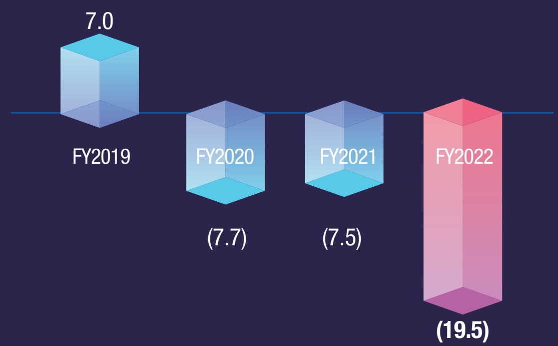
RETURN ON EQUITY (PER CENT)



NET ASSET VALUE PER SHARE (SINGAPORE CENTS)



BASIC EPS (SINGAPORE CENTS)



FINANCIAL AND OPERATIONS REVIEW

Singapore's economy has recovered from the economic recession wrought by the COVID-19 pandemic, expanding by 2.2% on a year-on-year basis in the fourth quarter of 2022, moderating from the 4.2% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.2%, extending the 1.1% expansion in the third quarter[1]. Full-year growth is pegged at 3.8%. The construction sector picked up pace, registering a 10.4% year-on-year growth in the fourth quarter, an increase from the 7.8% growth in the preceding quarter supported by both public and private construction output.

Keong Hong Holdings Limited ("Keong Hong" or "the Group") was not free from challenges posed by increasing prices of raw materials and the continued shortage of skilled labour. The operating environment, while much improved compared to last year, was still difficult and this is reflected in the Group's financial performance. The Group registered revenue for the 12 months ended 30 September 2022 ("FY2022") of $148.1 million, an increase of 92.4% compared to $77.0 million, for the 12 months ended 30 September 2021 ("FY2021"). Despite the strong revenue growth, the Group sustained a gross loss of $30.8 million with negative gross profit margin of 20.8%, as compared to a gross profit of $7.5 million with gross profit margin of 9.7% in FY2021.

The Group's administrative expenses decreased by 15.7% from $19.5 million to $16.4 million. This was on account of non-recurrence of fair value changes on financial assets at fair value through profit or loss and net foreign exchange loss recorded in FY2021 partially offset by increase in professional fees relating to a series of corporate actions in FY2022. Group finance costs decreased by 39.3% to $4.3 million in FY2022 due to lower level of borrowings in the current year. Other expenses increased to $2.5 million in FY2022 as compared to $0.7 million in FY2021, mainly attributed to an impairment loss of $2.5 million on the property located at Sungei Kadut arising from the annual review of its property, plant and equipment.

The Group's other income registered an improvement of 26.4% to $9.4 million in FY2022, from $7.4 million in FY2021 mainly attributable to net foreign exchange gain recorded as compared with the net foreign exchange loss sustained in the previous financial year. The Group recorded a net gain of $4.0 million from its share of results of joint ventures and associates in FY2022 as compared to a net loss of $8.7 million in FY2021. The net gain was mainly attributable to the share of profit from residential development projects in Singapore.

As a consequence of the preceding factors, the Group sustained a net loss after tax of $46.6 million, as compared to a net loss after tax of $20.2 million in FY2021.

The Group's net cash position stood at $22.6 million as at 30 September 2022 as compared to $21.8 million in FY2021. Total assets were at $281.8 million against total liabilities of $172.5 million in FY2022, as compared to total assets of $304.5 million and total liabilities of $146.9 million in FY2021. The Group's gearing ratio was 0.53 times as compared to 0.40 times in the previous financial year. The Group recorded a loss per share of 19.5 cents and net asset value per share of 47.2 cents.

1 Ministry of Trade and Industry, "Singapore's GDP Grew by 2.2 Per Cent in the Fourth Quarter of 2022 and by 3.8 Per Cent in 2022", 3 January 2023.

BUILDING AND CONSTRUCTION – HIGHLIGHTS

Our construction activities have progressed well, although skilled labour was still in short supply. With safe distance measures and other COVID-19 restrictions lifted, we were able to make up for lost time and aided by an emphasis on productivity and efficiency, our projects are on track to meet their scheduled completion targets.

Work on the National Skin Centre has advanced to final authority inspections and clearance phase. The completion of Phase 1C (New Building) is targeted for completion in the first quarter of 2023 with Phase 2 (existing Building Additions and Alterations) targeted for end 2023.

With respect to condominium projects, The Antares, a 265-unit condominium project at Mattar Road, which is developed by our joint venture company FSKH Development Pte. Ltd., has obtained its Temporary Occupation Permit in December 2022. Wilshire Residences, an 85-unit condominium project at Farrer Road, has completed all structural works with finishing works up to the 10th storey, and is targeted for completion in the second quarter of 2023. Sky Everton, a 262-unit 36-storey high-rise condominium project at Everton Road, celebrated its topping out on 21 October 2022, and is on track for completion in the second quarter of 2023.

In terms of commercial and non-residential projects, the refurbishment of the Grand Hyatt Hotel Singapore which encompasses major retrofitting to the guest rooms and restaurants and upgrading of Mechanical, Electrical and Plumbing plant rooms and equipment is currently in progress at all fronts in earnest. The upgraded 22KVA substation has been energised. For the Terrace Wing, marble works, millworks, M&E services and interior finishes have progressed to advanced phase. For the Grand Wing (Phase 2), all new pilings and foundation works have been completed, with room demolitions progressing from roof to mid-level, making way for new partitions and interior fit outs. We are still on target for the two-phase completion schedule, namely Phase 1 in the first quarter of 2023 and Phase 2 in the fourth quarter of 2023. Our joint venture project with Hyundai Engineering & Construction for the development of the six-storey Punggol Regional Sports Centre, has progressed to the fifth storey mezzanine. The project is targeted for completion in the first quarter of 2024.

Our strong track record in the sector has positioned us well in tenders for new projects as evidenced by the award to the Group of the construction of Sky Eden @ Bedok, a proposed mixed residential and commercial development at 799 New Upper Changi Road worth $70 million in November 2022. The project will commence in January 2023 and is targeted to be completed by the third quarter of 2025.

PROPERTY DEVELOPMENT AND INVESTMENT

The property sector in Singapore remains positive with prices of residential properties increased by 0.2% in the fourth quarter of 2022 as compared with 3.8% in the preceding quarter[2]. For the whole of 2022, private home prices grew 8.4%, slowing from 2021's 10.6% rise.

Our investment property segment, likewise performed positively, bringing in steady rental income due to high occupancy rates of our properties in Osaka, Japan. We achieved 100% occupancy for our property in Minamihorie and 85% occupancy for our Honmachi investment.

We are confident that there remain attractive investments in our key target markets and will continue to be on the lookout for good investments to enhance our property development and investment portfolio in the coming months.

HOTEL DEVELOPMENT AND INVESTMENT

The international tourism market has experienced a strong recovery, driven by pent up demand for travel, easing of entry requirements into countries, high vaccination rates and effective COVID-19 infection management among governments.

The Maldives, in particular, has recorded a strong rebound in visitor arrivals with more than 1.4 million tourists recorded from January to November 2022, which is a 28.8% increase over last year[3]. The country is poised to welcome 1.6 million international visitors this year, almost on par with the pre-pandemic level of 1.7 million visitors in 2019. The

2 Urban Redevelopment Authority, "Release of flash estimate of 4th Quarter 2022 private residential property price index", 3 January 2023.

3 Maldives Ministry of Tourism, Tourism statistics November 2022.

FINANCIAL AND OPERATIONS REVIEW

combined average occupancy of Mercure Maldives Kooddoo Hotel and Pullman Maldives Maamutaa Resort was 62.3% from January to November, higher than the industry average of 58.7%.

We remain open to opportunities for hotel development and investment in the Maldives, as well as other popular tourist destinations such as Japan, Vietnam, Australia and United Kingdom.

INVESTMENT IN INNOVATION AND TECHNOLOGY

We are committed to using innovative construction technology and engaging in exemplary work practices in order to address environmental concerns, overcome worksite challenges, enhance best practices in human resources management and conduct ourselves graciously within the community. We have used our proprietary methodology for Prefabricated Bathroom Units ("PBU"), developed by K&H Innovative Systems Pte. Ltd., in our ongoing projects, The Antares, Sky Everton and Wilshire Residences. We have also utilised Design for Manufacturing and Assembly (DfMA), such as Prefabricated Mechanical Electrical & Plumbing Systems (MEP) and Advanced Precast Concrete System (APCS) in ongoing projects such as the National Skin Centre. The adoption of DfMA and PBU has significantly reduced our reliance on labour, sped up construction and minimised dust and noise pollution in our construction projects as more activities are done off-site. This has enabled us to exhibit gracious and responsibly behaviour towards the community and public stakeholders by ensuring inconveniences to them are minimised.

Our capabilities in the area of construction technology have continued to grow. Our factory at Chin Bee Road is equipped with a 45-ton double gantry crane with 14-meter clear lifting height and a 5-ton Jib Crane. It has enough capacity to produce Prefabricated Prefinished Volumetric Construction ("PPVC") for 10 dwelling units in 14 days or 130 PBUs in 10 days which works out to be 500 dwelling units of PPVC or 4,680 PBUs in a year.

We have extended the use of our Aptiv8's IT Solution to digitalise the workflow and process management system to the Grand Hyatt Hotel Singapore project while cloud-based Airsquare's 360-degree camera has been utilised in the National Skin Centre, Grand Hyatt Hotel Singapore and Sky Eden @ Bedok, enabling remote visualisation and monitoring of site progress.

COMMITMENT TO OUR STAFF – A SKILLED, PRODUCTIVE AND HEALTHY WORKFORCE

Our workers and staff remain a top priority for the Group and a considerable amount of resources are expended to ensure that they operate in a safe environment, are supported in their careers through upskilling and reskilling and are equipped with a sufficiently high standard of knowledge, skills and competencies to navigate and thrive in a technologically advanced and digitalised environment. Our staff and workers are given career appraisals and guidance on their work in order to set them up for success in their jobs. New hires undergo a thorough onboarding process to get them familiarised with the working environment, Group culture and job requirements.

In FY2022, we sent staff for certification courses for Green Mark Manager and Specialist Diploma in Construction Productivity and in production-related areas such as Specialist Diploma in Virtual Design & Construction, Building Information Modelling ("BIM") Management and BIM (Architecture track) to further improve the quality of our business productions. Mr Robin Lau, our Civil and Structural Manager, is looking forward to completing a company sponsored post-graduate degree in Master of Science in International Construction Management at Nanyang Technological University of Singapore in 2023.

In terms of our workers, we invested in skills training such as Building and Construction Authority's CoreTrade Skills training and Multi-Skilling training. 28.4% of our 350 work permit holders are higher skilled (R1) certified, which is above the minimum 10% set by the Ministry of Manpower ("MOM").

We are in strict compliance with the Workplace Safety and Health Act. Nevertheless, we have gone beyond just mere compliance, placing great emphasis on worker safety, health and well-being. Training in workplace safety now includes designation of Peer Support Leaders to reach out to fellow workers with mental health issues or in distress and the CultureSAFE programme to help us build a positive Workplace Safety and Health culture. Regular Safety Time-Outs are conducted with Keong Hong's top management, during which workers can air their concerns and provide suggestions for improved safety practices. For our workplace safety practices, we were awarded WSH Safety and Health Awards Recognition for Projects (SHARP) for National Skin Centre and Punggol Regional Sports Centre. A recent accolade is the RoSPA (Royal Society for the Prevention of Accidents) Health and Safety Gold Award 2022.

We also provide recreational amenities such as mini games courts, gym sites and planting corners for worker relaxation and well-being. We ensure that proper rest and canteen areas are provided on sites where workers can take proper breaks during their shifts.

Our overseas staff in the Maldives were also given essential training for their jobs. At Kooddoo Airport, staff were trained on the use of Global Reporting Format, participated in Airport Emergency Exercise and sponsored for Aerodrome Certification Course. Other training included the AVSECOM awareness training program on aviation security, Fire Fighting Training Course, and Wildlife Hazard Management as part of the Aviation requirement. Employees from the Safety department received basic and advanced incident investigation training to equip them with the knowledge and skills to conduct safety inspections to identify and manage hazards and potential risks.

In FY2022, we recorded training hours of 2,688 as compared to 2,767 training hours in FY2021. The decrease in training hours was due to an increase in the employee headcount in FY2022 as well as fewer total training hours.

Our Sustainability Report 2022 will set out in greater details our staff programmes including training, benefits and welfare, workplace safety as well as health and wellness initiatives.

CORPORATE CITIZENSHIP THROUGH COMMUNITY SUPPORT

Education of young people to support our sector in the coming years continues to be one of our key focus areas as far as community outreach and corporate social responsibility are concerned. We continued our Institute of Technical Education ("ITE") sponsorship, committing to provide on the job training for two ITE graduate trainees in Mechanical & Electrical Services Supervision, for the batch commencing April 2023 as part of our support for the government initiative for the ITE Work-Learn Technical Diploma programme.

We supported various charitable organisations such as the Singapore Children's Society through cash donations or sponsorships of their fundraising activities.

OUTLOOK FOR 2023

The outlook for the coming year has dimmed. The slowing economies in Europe and the United States, China's sluggish economic growth resulting from the pursuit of a zero-COVID-19 policy, weaker GDP growths in neighbouring ASEAN countries and continued supply chain disruptions, inflationary pressures and consequent tightening financial conditions are likely to have a negative impact on our economy with downstream effect on businesses such as ours.

Despite this prognosis, the construction sector is forecast to remain strong, supported by large-scale infrastructure, public and private sector projects. Furthermore, with a healthy order book which will see us through to year 2025 and a focus on productivity, efficiency and financial prudence, we are confident of tackling the challenges ahead and finding new opportunities for growth.

SEEING OPPORTUNITIES IN ADVERSITIES

BOARD OF DIRECTORS

MR LEO TING PING RONALD, 71, was appointed to our Board on 15 April 2008 and was re-elected on 28 January 2021. As Chairman and Chief Executive Officer, he oversees the day-to-day operations and the Group's strategic direction and corporate business expansion. Mr Leo also holds directorships in the Group's subsidiaries and associated companies.

Mr Leo is a civil engineer with over 40 years of post-graduate experience in the industry. From 1974 to 1983, he was a senior structural engineer in the Structural Engineering Department at Housing and Development Board ("HDB"). In 1980, as head of the construction technology unit of HDB, he spearheaded the drive towards prefabrication and mechanisation of the local construction industry. He later joined Eng Hup Heng Construction Pte Ltd from 1983 to 1985 as its general manager and was responsible for construction and management of their projects, including Housing and Urban Development Corporation, HDB housing, factories and institutional buildings.

Mr Leo joined Keong Hong Construction Pte. Ltd. ("KH Construction") in 1985 as Managing Director, where he grew the business from a subcontractor to an established design and build main contractor of Building and Construction Authority A1 Grading. He led the Group to its initial public offering on the Catalist Board of the Singapore Exchange Securities Trading Limited on 16 December 2011. The Group was subsequently transferred to the Mainboard on 2 August 2016.

Mr Leo graduated with a Bachelor of Engineering (Civil) with First Class Honours and a Master of Science (Construction Engineering) from the National University of Singapore, in 1974 and 1977 respectively. He became a member of The Institution of Engineers Singapore and an associate of The Institute of Structural Engineers, United Kingdom, in 1978 and 1992 respectively. He was also registered as a professional engineer with the Singapore Professional Engineers Board in 1979.

Mr Leo is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

MR ER ANG HOOA, 70, joined our Group in 1996. He was appointed to our Board on 26 September 2011 and was re-elected on 25 March 2022. He has been the Project Director of our wholly owned subsidiary, KH Construction, since June 2010. He is responsible for all operational activities relating to construction projects undertaken by our Group. Mr Er also holds directorships in the Group's subsidiaries and associated companies.

Prior to being a Project Director, he was the General Manager from 2005 to 2010, Assistant General Manager from 2001 to 2004 and Senior Project Manager from 1996 to 2000 of KH Construction.

He graduated from the University of Dundee, United Kingdom, with a Bachelor of Science in Civil Engineering in 1978. He also graduated from Imperial College London, United Kingdom, with a Master of Science in Structural Steel Design in 1985. He obtained a graduate diploma in management and administration from Bradford University, United Kingdom, in 1986.

Mr Er is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

MR XU QUANQIANG, 44, was appointed to our Board on 29 March 2021 as Non-Executive Non-Independent Director. He was subsequently re-designated as Executive Director on 1 September 2022, to oversee the Group's investments. Mr Xu also holds directorships in Forevertrust International (S) Pte. Ltd., Innotrust Pte. Ltd., LJHB Capital (S) Pte. Ltd., PT Forevertrust International Indonesia, Wisestone Pte. Ltd. and two subsidiaries of the Group. From 2013 to 2016, Mr Xu was a Director of BSI Group Singapore Pte Ltd.

Apart from his directorship, he is the Chief Executive Officer of LJHB Holdings (S) Pte Ltd ("LJHB"), responsible for LJHB's strategic decisions and growth plans in the region. LJHB is the controlling shareholder of the Group and is primarily in the assets investment business in real estate, hospitality and tourism sectors. He also concurrently holds the appointment as Chief Executive Officer of related companies of LJHB, namely Continental Hope Singapore Industrial Development Pte. Ltd. and Aitec International Pte. Ltd.

Prior to joining LJHB, Mr Xu held senior leadership positions including Chief Executive Officer of Ronghua Group Pte Ltd, Regional General Manager of GIC Group Pte Ltd, Country General Manager of BSI Group Singapore Pte Ltd, and Assistant Vice President (Sales) of TUV SUD PSB Pte Ltd.

Mr Xu holds a Master of Business Administration degree from the University of South Australia. He is a Certified Property Manager awarded by the Institute of Real Estate Management (REM) USA and a Certified Commercial Investment Member of the CCIM Institute USA.

Mr Xu is an associate of LJHB, except as disclosed, he is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

MR CHONG WENG HOE, 58, was appointed to our Board on 22 November 2011 and was re-elected on 28 January 2021. His continued appointment as an Independent Director within a stipulated period under Rule 210(5)(d)(iii)(A) and Rule 210(5)(d)(iii)(B) of the Listing Manual of the Singapore Exchange Securities Trading Limited was approved at the Company's Extraordinary General Meeting held on 7 October 2021. Mr Chong has been re-designated as Lead Independent Director on 31 December 2021.

Mr Chong joined TUV SUD PSB Pte Ltd in April 1991 as an engineer. He became the Vice President (Electromagnetic Compatibility) in April 1995, Senior Vice President (Testing) in March 2002 and was appointed the Chief Executive Officer of TUV SUD PSB Pte Ltd in January 2008, responsible for its business activities in the ASEAN region, with operations in Singapore, Malaysia, Thailand, Vietnam, Indonesia and the Philippines. In July 2013, he stepped down as the chief executive officer of TUV SUD PSB Pte Ltd but remains as a director of the company to provide support in the development of the business in the region until September 2017. Thereafter, Mr Chong was relocated to TUV SUD Asia Pacific Pte Ltd, assuming the position of Executive Vice President.

Mr Chong has over 20 of years of experience in financial management, marketing and customer support, and project management. He currently sits on the board of HC Surgical Specialists Limited, ISEC Healthcare Ltd and Hong Fok Corporation Limited.

Mr Chong graduated with a Bachelor of Engineering (Electrical) from the National University of Singapore in 1989 and obtained a Master of Business Administration (Accountancy) from the Nanyang Technological University of Singapore ("NTU") in 1997.

Mr Chong was the President of the NTU Nanyang Business School Alumni and a member of the Exco of the NTU Alumni Council from 2014 to 2021. From 2015 to 2018, Mr Chong served as a member of the Singapore Accreditation Council Marketing Committee. From 2014 to 2016, Mr Chong gained membership and became Singapore's representative in the IECEE Policy and Strategic Committee. Mr Chong was a member of the Singapore National Council for International Electrotechnical Commission from 2000 to 2014. In the past, Mr Chong served as the Chairman of the Standardisation task force for the Singapore-Thailand Enhanced Economic Relationship (STEER) (2002 – 2005).

Mr Chong is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

BOARD OF DIRECTORS

MR CHONG WAI SIAK
Independent Director

Chairman – Remuneration Committee
Member – Audit Committee,
Nominating Committee

MR FONG HENG BOO
Independent Director

Chairman – Audit Committee
Member – Nominating Committee,
Remuneration Committee

MR CHONG WAI SIAK, 75, was appointed to our Board on 1 October 2019 and was re-elected on 25 March 2022.

Mr Chong joined HDB in 1971 and rose to the position of Senior Principal Structure Engineer before he was appointed in 1980 to establish and head a government owned construction company, Construction Technology Pte Ltd to spearhead and introduce mechanisation and appropriate technology in the construction industry.

In 1989, he joined NSL Ltd (formerly known as NatSteel Ltd) and held various senior positions there, as Deputy President of NSL and President/CEO of its major subsidiary, Eastern Industries/Eastern Pretech Group. He was responsible for the overall management of the operations and business activities of the Group and its many subsidiaries, involved mainly in construction products and services, property development and engineering design. His work involved establishing and managing business activities in Singapore, Malaysia, Indonesia, Hong Kong, China, the Philippines, Vietnam, United Arab Emirates and Finland. He retired from the NSL Group in 2014 with wide business experiences in many aspects of the building and construction industry.

Mr Chong was a Director of Changi Airport Planners & Engineers Pte Ltd from 2007 to 2014. He had previously served as Council Member in Singapore Contractors Association Ltd and Institution of Engineers, Singapore and as a member in various Advisory and Technical Committees of the former CIDB and SISIR.

Mr Chong graduated with a Bachelor of Science (Honours) in Civil Engineering and a Master of Science in Structural Engineering from the University of Manchester, Institute of Science and Technology, United Kingdom, in 1970 and 1971 respectively.

He was a Chartered Engineer (UK) and a registered Professional Engineer with both the Singapore and Malaysia Engineering Boards. He was a member of the Institution of Civil Engineers (UK) and a member of both the Institution of Engineers, Singapore and Malaysia.

Mr Chong is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

MR FONG HENG BOO, 73, was appointed to our Board on 1 January 2022 and was re-elected on 25 March 2022.

Mr Fong has over 46 years of experience in auditing, finance, business development and corporate governance. From 2013 to 2021, Mr Fong was a non-executive independent director on the board of CapitaLand China Trust Management Limited. Mr Fong currently holds directorships in Surbana Jurong Private Limited, Singapore Health Services Pte Ltd, TA Corporation Ltd, Livingstone Health Holdings Limited, Agency for Integrated Care Pte Ltd and Bonvest Holdings Limited.

Mr Fong was with the Auditor-General's Office ("AGO"), Singapore and held the position of Assistant Auditor-General when he left AGO in 1993. He was also the Director (Special Duties) at the Singapore Totalisator Board, where he led the finance and investment functions.

Mr Fong graduated from the University of Singapore (now known as the National University of Singapore) with a Bachelor of Accountancy (Honours) in 1973. He was a Fellow Member of the Institute of Singapore Chartered Accountants.

Mr Fong is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

MR KOH TEE HUCK KENNETH
Independent Director

Member - Audit Committee,
Remuneration Committee,
Nominating Committee

MR KOH TEE HUCK KENNETH, 64, was appointed to our Board on 30 September 2021 and was re-elected on 25 March 2022.

He commenced his legal career in 1984 with Singapore's then largest law practice. Whilst actively engaged in dispute resolution, his focus on infrastructure and construction work began when he joined a London-based international law firm. His practice ranges from representing clients in court, arbitration, adjudication and mediation to advisory work in EPC contracts. After several years in a local partnership, he co-founded UniLegal LLC, and chaired its board of directors from 2002 to 2018. He currently serves as its consultant.

Mr Koh graduated with a Bachelor of Laws in 1983 from the National University of Singapore and is an Advocate & Solicitor of the Supreme Court of Singapore. He holds memberships in the Singapore Academy of Law, the Law Society of Singapore, Society of Construction Law (Singapore) and the Singapore Institute of Directors. His previous appointments include being Honorary Legal Advisor to the Singapore Contractors Association Ltd. He also authored the Singapore chapters in two international publications.

Mr Koh is not related to any existing Director, executive officer or substantial shareholder of the Company or any of its principal subsidiaries.

KEY MANAGEMENT

MR CHIANG YI SHIN joined our Group in 2021. As the Chief Financial Officer, his responsibilities include overseeing all financial, accounting and corporate secretarial matters.

Prior to joining our Group, he was the Group Financial Controller at catalist-listed AGV Group Limited. From 1998 to 2020, he was with mainboard-listed Chemical Industries (Far East) Limited, where he rose through the ranks with last held position as the Chief Financial Officer.

Mr Chiang graduated with a Bachelor of Science (Economics) (Honours) degree in Management Studies from the University of London. He is a Fellow Member of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants, and an Accredited Tax Adviser (GST) with the Singapore Chartered Tax Professionals.

MS NG SIEW KHIM joined our Group in 1993 and is currently the Head of Contracts of our Group. She is responsible for overseeing quantity surveying, tender process administration, technical correspondences preparation and other contractual documentation.

Ms Ng graduated from South Bank University (London), United Kingdom, with a Bachelor of Science in Quantity Surveying in 1997. She also obtained a diploma in Building from the Singapore Polytechnic in 1993.

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN AND
CHIEF EXECUTIVE OFFICER
Leo Ting Ping Ronald

EXECUTIVE DIRECTORS
Er Ang Hooa
Xu Quanqiang

LEAD INDEPENDENT DIRECTOR
Chong Weng Hoe

DIRECTORS
Chong Wai Siak
Fong Heng Boo
Koh Tee Huck Kenneth

AUDIT COMMITTEE
Fong Heng Boo (Chairman)
Chong Weng Hoe
Chong Wai Siak
Koh Tee Huck Kenneth

NOMINATING COMMITTEE
Chong Weng Hoe (Chairman)
Chong Wai Siak
Fong Heng Boo
Koh Tee Huck Kenneth

REMUNERATION COMMITTEE
Chong Wai Siak (Chairman)
Chong Weng Hoe
Fong Heng Boo
Koh Tee Huck Kenneth

COMPANY SECRETARIES
Heng Michelle Fiona
Lim Guek Hong

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SHARE REGISTRAR
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#06-03 Robinson 77
Singapore 068896

AUDITORS
MAZARS LLP
135 Cecil Street
#10-01
Singapore 069536

PARTNER-IN-CHARGE
Zhang Liang
Appointed on 22 August 2022

PRINCIPAL BANKERS
Malayan Banking Berhad
Overseas-Chinese Banking Corporation
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

CORPORATE GOVERNANCE REPORT

The Company is committed to a high standard of corporate governance to ensure effective self-regulation practices are in place to enhance corporate performance and accountability.

This report outlines the Company's corporate governance practices throughout the financial year ended 30 September 2022 ("FY2022"), with specific references made to the principles of the Code of Corporate Governance 2018 (the "Code").

Pursuant to Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") ("SGX-ST Listing Manual"), the Board of Directors (the "Board") confirms that the Company has for FY2022 complied with the Principles as set out in the Code. The Board also confirms that where there are deviations from the provisions of the Code, explanations for the deviation and how the Group's practices are consistent with the intent of the relevant principle, are provided in the sections below:

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Principal Duties of the Board

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company, and hold management accountable for performance. The Board oversees the business affairs of the Group, approves the financial objectives and the strategies to be implemented by the management of the Company (the "Management") and monitors standards of performance and issues of policy. In addition to its statutory duties, the Board's principal functions are: *Provision 1.1*

(i) supervising the overall management of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction;

(ii) formulating and approving financial objectives of the Group and monitoring its performance such as reviewing and approving of financial results announcement and financial statements;

(iii) overseeing the processes for evaluating the adequacy of internal controls and risk management including the review and approval of interested person transactions;

(iv) assuming responsibility for corporate governance and compliance with the Companies Act 1967 and the rules and regulations of the relevant regulatory bodies;

(v) evaluating performance of Management;

(vi) reviewing and approving the remuneration framework for the Board and key executives; and

(vii) considering sustainability issues e.g. environmental and social factors, as part of its strategic formulation.

The Company's Constitution requires a Director and, the Chief Executive Offer (or person(s) holding an equivalent position), who is in any way whether directly or indirectly interested in a contract or proposed contract with the Company, to declare the nature of his interest at a meeting of the Directors in accordance with Section 156 of the Companies Act 1967 (the "Act). A Director and, Chief Executive Officer (or person(s) holding an equivalent position), shall not vote in respect of any contract or proposed contract or arrangement with the Company in which he has a personal material interest, directly or indirectly, and shall not be counted in the quorum present at the meeting.

CORPORATE GOVERNANCE REPORT

Board Orientation, Training and Updates

Upon the appointment of a new Director, the Company will provide him/her with a formal letter, setting out his/her duties and obligations. The Company has put in place an orientation program for all newly appointed Director(s) to assimilate him/her into his/her new role and will provide him/her with a set of the Company's policies, terms of reference of various board committees (where applicable) and corporate meeting calendar for the year. They will be briefed by Management on the business activities of the Group and its strategic directions as well as the duties and responsibilities as Directors. *Provision 1.2*

Changes to regulations and accounting standards are monitored closely by Management. To keep pace with the regulatory changes, where these changes have an important bearing on the Company's or Director's disclosure obligations, Directors are briefed by the Company Secretary on the continuing obligations under the SGX-ST Listing Manual and are regularly provided with news releases, articles and updates on changes to the Listing Manual from time to time. The Directors have also been kept abreast on the principles and provisions of the Code. Directors had attended the Listed Company Directors courses conducted by the Singapore Institute of Directors ("SID") such as ACRA-SGX-SID Audit Committee Seminar 2022, SGX Fronts Seats: Conversations in Global Finance, SID-Annual Governance Roundup, SID-Singapore Governance and Transparency Forum 2022, and SID-Environmental, Global and Governance Essentials Course. Directors also attended other courses and webinars conducted by leading accounting firms and organisations such as CPA Australia Society for Computers and Law ("SCL"). The courses attended include Key Arbitration Developments & Decisions in United Kingdom and Singapore, SCL-Annual Construction Law Update 2022 and SCL-Complexity Theory in Construction Contracts. The external auditors also regularly update the Audit Committee and the Board on the developments in the Singapore Financial Reporting Standards (International) which are applicable to the Group. Appropriate external training for Directors conducted by the SID and other organisations will be arranged by the Company when necessary.

Pursuant to Rule 720(7) of the Listing Manual, all directors have to undergo training on sustainability matters as prescribed by the SGX-ST. As at the date of this report, all the Directors have attended the LED- Environmental, Social and Governance Essentials (Core) conducted by the SID. *Rule 720(7)*

Matters Requiring Board Approval

The Board has adopted a set of internal guidelines on the matters requiring Board's approval. Matters that are specifically reserved for the approval of the Board include, among others, any material acquisitions and disposals of assets, corporate or financial restructuring, share issuance, proposal of dividends, announceable matters, legal claims and litigation, and other matters as may be considered by the Board from time to time. *Provision 1.3*

Delegation to Board Committees

The Board has delegated certain functions to various Board Committees, namely the Audit Committee ("AC"), the Remuneration Committee ("RC"), and the Nominating Committee ("NC"). Each Committee operates within clearly defined terms of reference and operating procedures, which are reviewed periodically. All Board Committees are chaired by an independent director. While these Board Committees are delegated with certain responsibilities, the responsibility for decisions relating to matters under the purview of the Board Committees ultimately lies with the Board. *Provision 1.4*

Attendance at Board and Board Committees Meetings

The Company's Constitution permits directors of the Company (the "Directors") to attend meetings through the use of audio-visual communication equipment. *Provision 1.5*

The Board and Board Committees conduct meetings on a regularly basis which are planned in advance. Ad-hoc meetings are conducted as and when circumstances require. In between Board meetings, important matters concerning the Company are also put to the Board for its decision by way of circulating resolutions in writing for the Directors' approval together with supporting memorandum, enabling the Directors to make informed decisions. *Provisions 1.5 & 1.6*

CORPORATE GOVERNANCE REPORT

The number of Board and Board Committees meetings held and attended by each Board member during FY2022 are as follows:– *Provision 1.5*

	Board	Audit Committee	Remuneration Committee	Nominating Committee
	Number of Meetings attended in FY2022			
Number of meetings held	3	4	2	1
Executive Directors				
Leo Ting Ping Ronald	3	*	*	*
Er Ang Hooa	3	*	*	*
Xu Quanqiang(1)	3	*	*	*
Independent Directors				
Chong Weng Hoe	3	4	2	1
Chong Wai Siak	3	4	2	1
Koh Tee Huck Kenneth	3	4	2	1
Fong Heng Boo(2)	2	3	1	–

* *Attendance by invitation*

(1) Mr Xu Quanqiang was re-designated to Executive Director with effect from 1 September 2022.

(2) Mr Fong Heng Boo was appointed as an Independent Director on 1 January 2022.

When a director has multiple board representations, the NC also considers whether the director is able to and has adequately carried out his duties as a director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments.

The profile of each Director and other relevant information are set out on pages 18 to 21 of this Annual Report. Similar information is also published on the Company's website.

Access to Information

All Directors receive a set of Board papers (with background or explanatory information relating to matters to be brought before the Board, where necessary), copies of disclosure notes and internal group financial statements, prior to Board meetings. The Board papers are issued to the Directors at least three days prior to Board meetings. This is to allow sufficient time for the Board members to obtain further explanations, where necessary, and to be properly briefed and adequately prepared for Board meetings. *Provision 1.6*

Management currently provides annual budgets to the Board members for endorsement as well as detailed management reports of the Group on a quarterly/half yearly basis.

The Directors are also provided with the following information:

Quarterly
– updates on the Group's operations and the markets in which the Group operates in

Quarterly/Yearly
– budgets and/or forecasts and management reports on financial performances

Yearly
– enterprise risk framework and risk governance report
– external auditors' report
– internal auditors' report

CORPORATE GOVERNANCE REPORT

Adhoc
- reports on on-going or planned corporate actions
- research report(s)
- feasibility study on property investments
- regulatory updates and implications

The Directors are also regularly briefed on the development of the business activities of the Group. In order to ensure that the Board is able to fulfil its responsibilities, prior to the Board meetings, Management will provide the members of the Board with management accounts, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting.

Separate and Independent Access

Provision 1.7

The Independent Directors have separate and independent access to senior Management of the Company and other employees to seek additional information, if required. To facilitate such access, the contact particulars of senior Management have been provided to the Directors. Directors have the right to seek independent professional advice, if required or as and when necessary, to enable them to discharge their duties and responsibilities effectively. The costs of such independent professional advice will be borne by the Company.

The Directors have separate and independent access to the Company Secretaries at all times. The Company Secretaries have the responsibility to ensure that Board procedures are followed and that all applicable rules and regulations including requirements of the Securities and Futures Act (Chapter 289) of Singapore, the Act and the SGX-ST Listing Manual, are complied with. The Company Secretaries will assist the Chairman and the Board to implement and strengthen corporate governance practices, with a view to enhancing long-term shareholder value. Either one or both of the Company Secretaries will be in attendance at meetings of the Board and Board Committees and prepare minutes of meetings. The Company Secretaries will assist the Board Chairman, the Chairman of each Board Committee and key management personnel in the development of the agenda for the various Board and Board Committee meetings. The appointment and removal of the Company Secretaries should be a matter for the Board as a whole.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at 30 September 2022, the Board comprises seven (7) members of whom three (3) are Executive Directors and four (4) are Independent Directors, as follows:

Leo Ting Ping Ronald	Chairman and Chief Executive Officer
Er Ang Hooa	Executive Director
Xu Quanqiang	Executive Director (Re-designated with effect from 1 September 2022)
Chong Weng Hoe	Lead Independent Director (Re-designated with effect from 31 December 2021)
Chong Wai Siak	Independent Director
Koh Tee Huck Kenneth	Independent Director
Fong Heng Boo	Independent Director (Appointed on 1 January 2022)

A majority of the Directors is non-executive and includes professionals with relevant industry knowledge and experience, accounting and finance, legal, business and management experience, and strategic planning experience. This provides Management with the benefit of an external diverse and objective perspective of issues that are brought before the Board.

CORPORATE GOVERNANCE REPORT

Board Independence

Under Provision 2.1 of the Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. *Provision 2.1*

Rule 201(5)(d) of the Listing Manual of the SGX-ST also sets out circumstances under which a director will not be independent.

The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an independent director as well as the independence criteria as set out in Rule 210(5)(d) of the SGX-ST Listing Manual in its review. The NC is satisfied that none of the Independent Director (i) is employed by the Company or any of its related corporations for the current or any of the past three financial years; or (ii) has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC. The NC has reviewed and determined that the Independent Directors are independent. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent. *Provision 2.1*

According to Provision 2.2 of the Code, independent directors should make up at least a majority of the board where the chairman of the board and the chief executive officer or equivalent is the same person or they are related or the chairman is part of the management team or the chairman is not an independent director. As Mr Leo Ting Ping Ronald is the Chairman and Chief Executive Office of the Company, the Company fulfils the Code's requirements with a majority of the Board being made up of Independent Non-Executive Directors. The Company has also appointed Mr Chong Weng Hoe as the new Lead Independent Director when Mr Lim Jun Xiong Steven stepped down as the Lead Independent Director on 31 December 2021. *Provision 2.2*

The Independent Directors have confirmed that they do not have any relationship with the Company or its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company and its shareholders.

For FY2022, the Company has four (4) Non-Executive Directors which constituted a majority of the Board and thus had complied with Provision 2.3 of the Code. *Provision 2.3*

Independence of Directors who have served on the Board beyond Nine Years

With effect from 1 January 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the "Two-Tier Voting"). Such resolutions when approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

The Company has a board renewal plan whereby all the existing Independent Directors who has served more than 9 years will before 1 January 2022, either resign or retire after their replacement is found or seek approval of the shareholders via the Two-Tier Voting process. Mr Chong Weng Hoe who had served more than 9 years, had sought approval at the Extraordinary General Meeting ("EGM") of the Company held on 7 October 2021 for his continued appointment as an Independent Director. As the resolutions for the Two-Tier Voting were approved at the EGM, Mr Chong Weng Hoe will continue his appointment as an Independent Director until the conclusion of the AGM of the Company to be held in January 2024 or upon his retirement or resignation, whichever the earlier. Other than Mr Chong Weng Hoe, there was no other Independent Director who had served on the Board for more than 9 years.

The NC and the Board have determined that Mr Chong Weng Hoe continues to remain objective and independent-minded in Board deliberations. His vast experience enables him to provide the Board and the various Board Committees on which he has been serving, with pertinent experience and competence to facilitate sound decision-making. His length of service does not in any way interfere with his exercise of independent judgement nor hinder his ability to act in the best interest of the Company. After due consideration and careful assessment, and also having weighed the need for Board refreshment against tenure for relative benefit, the NC and the Board are of the view that Mr Chong Weng Hoe is able to continue to discharge his duties independently with integrity and competence. Mr Chong Weng Hoe has recused himself from all NC and Board deliberations and decisions relating to his continued independence.

CORPORATE GOVERNANCE REPORT

Board Diversity

The Company recognises and embrace the benefits of diversity of experience, age, skill sets, gender and ethnics on the Board ("Board Diversity") and views Board Diversity as an essential element to support the attainment of its strategic objectives and sustainable development. *Provision 2.4*

The Company has a written policy on Board Diversity and maintained a culture of diversity to benefit from a wide talent pool. The current Board composition provides a diversity of skills, experience, and knowledge of the Company and their core competencies include relevant industry knowledge and experience, accounting and finance, legal and corporate governance, business and management experience, and strategic planning experience. In identifying suitable candidates for new appointment to the Board, the NC will ensure that where possible, female candidates are included for consideration. Nevertheless, gender is but one aspect of diversity and new directors will continue to be selected based on their merits and the potential contributions which they can bring to the Board.

The Board has reviewed and believes that its composition achieves a diversity of skills, knowledge and experience to the Company as follows:

Diversity of the Board		
Core Competencies	**Number of Directors**	**Proportion of Board**
– Accounting or finance	29%	2
– Business management	71%	5
– Legal and corporate governance	57%	4
– Relevant Industry Knowledge or experience	43%	3
– Strategic planning experience	71%	5

The Board has taken the following steps to maintain or enhance its balance and diversity:

(i) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(ii) annual evaluation by the Directors with a view to understanding the range and level of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

Non-Executive and/or Independent Directors, led by the Lead Independent Director, will meet at least once a year without the presence of Management to discuss on pertinent matters like the performance of Management, risk management, internal controls, Management succession planning and important business issues. During the financial year, the Independent Directors had met at least once without the presence of Management to discuss on those pertinent matters. *Provision 2.5*

The Board has no dissenting views on the Chairman's Statement to the shareholders for the financial year under review.

Chairman and Chief Executive Officer ("CEO")

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and the CEO are currently held by Mr Leo Ting Ping Ronald ("Mr Leo") which has deviated from Provision 3.1 of the Code. The Board is of the opinion that it would not be in the Group's interests to institute a separation in the role of the Chairman from that of the CEO, after taking into account the size, scope and nature of the operations of the Group. With in-depth industry knowledge, Mr Leo plays an instrumental role in developing the business of the Group and has provided the Group with strong leadership and vision. *Provision 3.1 and Provision 3.2*

CORPORATE GOVERNANCE REPORT

Mr Leo is involved in significant corporate matters, especially those of strategic nature. In addition, he is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of the flow of information between Management and the Board, and in ensuring compliance with the guidelines set out in the Code.

Although the roles of Chairman and the CEO are not separated, the Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance. All the Board Committees are chaired by Independent Directors.

Lead Independent Director

In view that the Executive Chairman is not being regarded as independent, Mr Chong Weng Hoe as Lead Independent Director will be available to the shareholders when they have concerns when contact through the normal channels to the Chairman and CEO or the Chief Financial Officer has failed to resolve or for when such contact is inappropriate or inadequate. Shareholders can send their enquiries through email at weng-hoe.chong@tuvsud.com. *Provision 3.3*

Based on the above reasons, the Board is of the view that the practices adopted by the Company are consistent with the intent of Principle 3 of the Code.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

NC Composition and Role

During FY2022, the NC comprises the following four Directors, all members, including its Chairman are independent: *Provision 4.1 and Provision 4.2*

Chong Weng Hoe	–	Chairman (Independent)
Chong Wai Siak	–	Member (Independent)
Koh Tee Huck Kenneth	–	Member (Independent)
Fong Heng Boo	–	Member (Independent)

The NC is guided by its terms of reference which sets out its responsibilities. The terms of reference are in line with the Code. The NC is responsible for: *Provision 4.1*

(i) reviewing and recommending the nomination or re-nomination of the Directors having regard to the Director' contribution and performance;

(ii) determining on an annual basis whether or not a Director is independent;

(iii) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director;

(iv) deciding whether a Director with multiple board representations is able to and has been adequately carrying out his duties as a director and where a Director holds a significant number of listed company directorships and principal commitments, assessing the ability of such a Director to diligently discharge his or her duties;

(v) reviewing the composition of the Board annually to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;

(vi) the process and criteria for evaluation of the performance of the Board, its board committees and Director;

(vii) reviewing Board succession plans for Directors, in particular the Chairman & CEO and key management personnel; and

(viii) reviewing training & professional development programs for the Board and its Directors.

CORPORATE GOVERNANCE REPORT

Board succession Planning

The Board believes in carrying out succession planning for itself and the CEO to ensure continuity of leadership. Board renewal is a continuing process. In this regard, the NC reviews annually the composition of the Board, which includes size and mix, and recommends to the Board the selection and appointment of new Directors, whether in addition to, or in replacement of retiring Board members, with a view to identifying any gaps in the Board's skills sets taking into account the Company's business operations. The Board will be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competence of the Board.

Nomination and selection of Directors

When the need to appoint a new Director arises, the NC reviews the range of expertise, skills and attributes of the Board members, and identifies the Board's need and shortlists candidates who will complement the skills, competencies and attributes of the existing Board and the requirement of the Group. Potential candidates are selected through internal resources, referrals from existing Directors and/or external search. The candidate must also be able to commit sufficient time and attention to the affairs of the Company, especially he/she is serving on multiple boards. The Board believes that board diversity is more than just about gender diversity and embraces other factors such as a need for individuals from all backgrounds, skill sets, work experiences, abilities and beliefs for better Board performance. New Directors are appointed by way of a Board resolution after the NC has reviewed and recommended the appointment of these new Directors. Article 122 of the Company's Constitution requires that new Directors appointed by the Board shall hold office until the next Annual General Meeting ("AGM"). For re-appointment/re-election, the NC is charged with the responsibility of recommending to the Board the re-appointment/re-election of Director(s) having regard to, among other things, his/their past contribution and performance. *Provision 4.3*

The Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to the Constitution of the Company, one third of the Board or if their number is not a multiple of three, the number nearest to but not less than one third with a minimum of one, to retire from office by rotation and be subjected to re-election at the AGM of the Company. A newly appointed Director must also subject himself to retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation once every three years. *Rule 720(5)*

Key information of each director is set out on pages 18 to 21 of this report and the dates of their initial appointment and last re-appointment/re-election are set out below:

Name of Director	Date of initial appointment	Date of last re-appointment/ re-election
Leo Ting Ping Ronald	15 April 2008	28 January 2021
Er Ang Hooa	26 September 2011	25 March 2022
Xu Quanqiang	29 March 2021	25 March 2022
Chong Weng Hoe	22 November 2011	28 January 2021
Chong Wai Siak	1 October 2019	25 March 2022
Koh Tee Huck Kenneth	30 September 2021	25 March 2022
Fong Heng Boo	1 January 2022	25 March 2022

Accordingly, the Directors due for re-nomination and re-election at the forthcoming AGM under Article 117 of the Company's Constitution are Mr Leo Ting Ping Ronald, Mr Er Ang Hooa and Mr Chong Weng Hoe.

After assessing the contribution and performance of the retiring Directors, the NC has recommended the re-election of Mr Leo Ting Ping Ronald, Mr Er Ang Hooa and Mr Chong Weng Hoe, who will be retiring under Article 117 of the Company's Constitution at the forthcoming AGM. Mr Leo Ting Ping Ronald, Mr Er Ang Hooa and Mr Chong Weng Hoe have offered themselves for re-election and the Board has accepted the recommendations of the NC. Each director had recused himself relating to the recommendation on his re-election as director of the Company. *Rule 720(5)*

CORPORATE GOVERNANCE REPORT

Information relating to Mr Leo Ting Ping Ronald, Mr Er Ang Hooa and Mr Chong Weng Hoe is set out on pages 158 to 160 of the Annual Report, in accordance with Rule 720(6) of the Listing Manual of SGX-ST.

Mr Chong Weng Hoe will, upon re-election as a director, remain as Lead Independent Director, the Chairman of the NC and a member of the RC and AC. *Rule 720(6)*

Continuous review of Directors' independence

The NC determines the independence of each director annually, and as and when circumstances require, having regard to the circumstances set out in the Provision 2.1 of the Code, its Practice Guidance and Rule 210(5)(d) of the SGX-ST Listing Manual. The NC requires all the Independent Directors to confirm their independence and their relationships with the Directors, Management and 5% shareholder of the Company by a declaration in writing annually. *Provision 4.4*

For FY2022, Mr Chong Weng Hoe ("Mr Chong") is an independent director who has served on the Board for more than nine years from the date of his first appointment, 22 November 2011. Guideline 2.4 of the Code of Corporate Governance 2021 continues to apply prior to Rule 201(5)(d)(iii) of the SGX-ST Listing Manual which comes into effect on 1 January 2022. In subjecting the independence of Mr Chong to particularly rigorous review, the NC has (with Mr Chong abstaining from discussion and deliberation) placed emphasis on whether he has demonstrated independent judgement, integrity, professionalism and objectivity in the discharge of his duties rather than imposing a maximum number of years that he should serve. The NC noted that Mr Chong has not hesitated to express his own viewpoint as well as seeking clarification from Management on issues he deems necessary and Mr Chong is able to exercise objective judgement on corporate matters independently, in particular from Management. Accordingly, the NC has determined that Mr Chong is independent.

The NC had also assessed the independence of Mr Chong Wai Siak, Mr Koh Tee Huck Kenneth and Mr Fong Heng Boo, and was satisfied that there was no relationship or other factors such as financial assistance, past association, business dealings, being a representative of a shareholder, financial dependence, relationship with the Group or the Group's management, which would impair or compromise their independent judgment or which would deem them not to be independent. Therefore, the NC is of the view that the Board has sufficient independent element and its composition is appropriate to facilitate effective decision-making. Each Independent Director had recused himself in the determination of his own independence.

Alternate Directors

The Board took the stand that alternate directors should only be appointed in exceptional circumstances. In FY2022, the Company has no alternate director on its Board.

Commitment of Directors with Multiple Board Representatives

The NC has set guidelines on the maximum number of Board appointments in listed companies that a Board member can hold to ensure that the Directors are able to commit their time to effectively discharge their responsibilities. Based on the guidelines set by the NC, each Board member cannot have more than seven listed Board representations including the Company. All the Directors currently do not sit on the boards of more than seven listed companies. As the number of board representations should not be the only measurement of a Director's commitment and ability to contribute effectively, the NC takes the view that if a Director wishes to hold board representations in more than the maximum stated per the guidelines, a request must be made to the NC before submitting to the Board for approval. *Provision 4.5*

The considerations in assessing the capacity of Directors include the following:

- expected and/or competing time commitments of Directors;
- size and composition of the Board;
- nature and scope of the Group's operations and size;
- relevant industry knowledge and experience; and
- relevant corporate, professional and management experience.

CORPORATE GOVERNANCE REPORT

The directorships and principal commitments of each of the Directors are set out below:

Provision 4.5

Name of Director	Listed Company Directorships	Principal Commitments
Leo Ting Ping Ronald	Nil	Keong Hong group of companies
Er Ang Hooa	Nil	Keong Hong group of companies
Xu Quanqiang	Nil	1. LJHB Capital (S) Pte Ltd 2. LJHB USA Inc 3. LJHB Holdings (S) Pte Ltd 4. Forevertrust International (S) Pte Ltd 5. Continental Hope Singapore Industrial Development Pte Ltd
Chong Weng Hoe	Present 1. HC Surgical Specialists Limited 2. ISEC Healthcare Ltd 3. Hong Fok Corporation Limited Past three years 1. Regal International Group Ltd 2. Singapore Paincare Holdings Limited	TUV SUD Asia Pacific Pte Ltd
Chong Wai Siak	Nil	Nil
Koh Tee Huck Kenneth	Nil	UniLegal LLC
Fong Heng Boo	Present 1. TA Corporation Ltd 2. Livingstone Health Holdings Ltd 3. Bonvest Holdings Limited 4. Sheng Ye Capital Ltd 5. Kwan Yong Holdings Limited 6. UOA Development Berhad Past three years 1. Colex Holdings Limited 2. Sapphire Corporation Limited 3. Asian American Medical Group Ltd	1. Singapore Health Services Pte Ltd 2. Agency For Integrated Care Pte Ltd 3. Surbana Jurong Pte Ltd

The NC has reviewed each Director's external directorships, their principal commitments, as well attendance and contributions to the Board. Although some Directors hold multiple directorships in non-Group entities, the NC is satisfied that these Directors are able to contribute and adequately performed their duties as Directors of the Company.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The performance of the Board is closely tied to the performance of the Company. The Board should ensure compliance with the applicable laws. Board members should act in good faith, exercise due diligence and care in the best interests of the Company and its shareholders.

The Board, through the delegation of its authority to the NC, had made its best efforts to ensure each Director possesses the experience, knowledge and skills critical to the Group's business. This is necessary to enable the Board to make sound and well-considered decisions. The NC, in considering the nomination of any Director for re-election, will evaluate the performance of the Director based on a set of assessment criteria.

CORPORATE GOVERNANCE REPORT

Board Evaluation Process

The NC will decide how the Board's performance is to be evaluated and will also propose objective performance criteria which, subject to the approval of the Board, address how the Board has enhanced long-term shareholders' value. The Board has implemented a process which has been carried out by the NC for assessing the effectiveness of the Board as a whole and its Board Committees, and the contribution of each individual Director to the effectiveness of the Board. *Provision 5.1*

Performance Criteria for Board Evaluation

For the performance of the Board as a whole, the appraisal process focuses on the evaluation of factors such as the size and composition of the Board, the Board's access to information, the Board's processes and accountability, communication with senior Management and the Directors' standard of conduct.

Performance Criteria for Board Committees

For the performance of the Board Committees, the appraisal process focuses on the evaluation of factors such as the size and composition of the respective Board Committees, the availability of training and resources to assist the Board Committees in discharging their duties, and ability to fulfil their duties and complete the tasks set out by the Board for the respective committees.

Performance Criteria for Individual Directors

The contribution of each individual Director to the effectiveness of the Board is assessed individually. The assessment criteria include, inter-alia, commitment of time, attendance record, level of participation and preparedness, candour and independence.

Annual Assessment

Evaluation of the performance of the Board will be undertaken on a continuous basis by the NC with input from other Board members and the Chairman and CEO. All Directors individually completed a board evaluation questionnaire on the effectiveness of the Board, board committees and the individual Directors based on the assessment criteria. To ensure confidentiality, all duly completed evaluation forms were submitted to the Company Secretary for collation. The responses on a collective basis are then discussed by the NC. *Provision 5.2*

The NC discusses the results of the Board's performance evaluation to identify areas where improvements are necessary and makes recommendations to the Board for action to be taken. Each member of the NC abstains from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director. In the event that any member of the NC has an interest in a matter being deliberated upon by the NC, he will abstain from participating in the review and approval process relating to that matter.

The NC then shared the observation and findings with the Board. The Chairman and CEO will act on the results of the evaluation and where appropriate and in consultation with the NC, propose the appointment of new directors or seek the resignation of current Directors. Any renewal or replacement of directors does not necessarily reflect their contribution to date and it may be driven by the need to position and shape the Board in line with the medium term needs of the Group and its business.

The NC has assessed the current performance of the Board and Board Committees to-date, as well as the performance of each individual Director and is of the view that the performance of the Board as a whole, the Board Committees and of each individual Director had met their performance objectives.

No external evaluation facilitators were engaged for the financial year in review.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for developing remuneration policies, level and mix of remuneration and disclosure of remuneration

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationship between remuneration, performance and value creation.

Role and Composition of Remuneration Committee

During FY2022, the RC comprises the following four Directors, all of whom are independent: *Provision 6.2*

Chong Wai Siak	–	Chairman (Independent)
Chong Weng Hoe	–	Member (Independent)
Koh Tee Huck Kenneth	–	Member (Independent)
Fong Heng Boo	–	Member (Independent)

The RC is guided by its terms of reference which is in line with the Code. The RC's principal responsibilities are: *Provision 6.1*

(i) reviewing and making recommendations to the Board on:

(a) a framework of remuneration for the Board and key executives; and

(b) the specific remuneration packages for each Executive Director as well as for the key management personnel,

and in doing so the RC considers all aspects of remuneration, including termination terms, to ensure they are fair;

(ii) where external remuneration consultant is appointed, reviewing whether the remuneration consultant has any relationship with the Company that could affect his or her independence and objectivity;

(iii) reviewing annually the remuneration of employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company and whose remuneration exceeds $100,000 during the year; and

(iv) administering the Company's Employee Share Option Scheme, if any.

Remuneration Framework

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. Although the recommendations are made in consultation with the Chairman and CEO, the remuneration packages are ultimately approved by the entire Board. No Director will be involved in deciding his own remuneration. Each member of the RC shall abstain from voting on any resolution and making any recommendations in respect of his remuneration package.

The RC also reviews the Company's obligations arising in the event of termination of the Chairman and CEO, and key management personnel's contracts of service, to ensure that such contract of service contain fair and reasonable termination clauses which are not overly generous. At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. If required, the RC will consider instituting such contractual provisions to allow the Company to reclaim the incentive components of the remuneration of the Executive Directors and key management personnel paid in prior years in such exceptional circumstances. *Provision 6.3*

CORPORATE GOVERNANCE REPORT

RC's access to Independent Advice

The RC may from time to time, when necessary or required, seek advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management, so that the Group remains competitive in this regard. During FY2022, the Company did not engage any independent remuneration consultant. *Provision 6.4*

Performance-linked Remuneration

The Company adopts a remuneration policy for Executive Directors and key management personnel comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual's performance, the latter of which is assessed based on their respective key performance indicators allocated to them. Staff appraisals are conducted once a year. The Executive Directors do not receive Directors' fees. The corporate and individual performance-related elements of remuneration are designed to align the interests of Executive Directors with those of shareholders in order to promote the long-term success of the Company. The Executive Directors and key management personnel had met their respective key performance indicators in respect of FY2022. *Provisions 7.1 and 7.3*

Mr Leo had entered into a service agreement with the Company in which the terms of his employment are stipulated. His employment contract is for a period of three (3) years and is renewed for such period and on such terms as may be agreed between the Company and Mr Leo. Under the service agreement, Mr Leo will be paid performance bonus based on the consolidated profit before taxation of the Group, when it exceeds $5.0 million for the financial year.

Directors' Fees for Non-Executive Directors

Director's fees for the Independent Directors and Non-Executive Director are set in accordance with the remuneration framework comprising basic fees and committee fees, taking into account their effort, time spent and responsibilities. These are subject to the approval of the Company's shareholders during the Company's AGM. *Provision 7.2*

Remuneration Report for Directors and Key Management Personnel

The remuneration components paid to each of the Executive Directors and Independent Directors for FY2022 are as follows: *Provisions 8.1 and 8.3*

Remuneration Bands and Name	Fees %	Salary %	Bonus %	Benefits in kind %	Total Remuneration %
Executive Directors					
$750,000 to $1,000,000					
Leo Ting Ping Ronald	–	82	13	5	100
$250,000 to below $500,000					
Er Ang Hooa	–	81	13	6	100
Below $250,000					
Xu Quanqiang(1)	63	37	–	–	100
Independent Directors					
Below $250,000					
Chong Weng Hoe	100	–	–	–	100
Chong Wai Siak	100	–	–	–	100
Koh Tee Huck Kenneth	100	–	–	–	100
Fong Heng Boo(2)	100	–	–	–	100

(1) Mr Xu Quanqiang was re-designated as an Executive Director with effect from 1 September 2022. Prior to his re-designation, he was a Non-Independent Non-Executive Director entitled to Director's Fee.

(2) Mr Fong Heng Boo was appointed as Independent Director with effect from 1 January 2022.

CORPORATE GOVERNANCE REPORT

Notwithstanding that it is a variation from Provision 8.1 of the Code, the Company wishes to disclose the remuneration of the Executive Directors in bands of $250,000 for FY2022. The Company is of the view that the intent of Principle 8 was met, as the remuneration policies and the procedure for setting remuneration applicable to the Executive Directors are described above, and the level and mix of remuneration is disclosed in the above table.

The Board supports and is aware of the need for transparency. However, after deliberation and debate, the Board is of the view that as the remuneration packages are confidential and sensitive in nature, full disclosure of the specific remuneration of each individual Director and the Group's key management personnel (who are not directors) is not in the best interest of the Company. Inter alia, the Board has taken into account the very sensitive nature of the matter, the relative size of the Group, the highly competitive business environment the Group operates in, the competitive pressures in the talent market and the irrevocable negative impact such disclosure may have on the Group and which would place the Group in a competitively disadvantageous position.

A breakdown showing the level and mix of each key management personnel's remuneration payable for FY2022 in bands of $250,000 which provides sufficient overview of the remuneration of the key management personnel are as follows: *Provisions 8.1 and 8.3*

Remuneration Bands and Name	Salary (%)	Bonus (%)	Benefits in kind (%)	Total (%)
Key Management Personnel				
$250,000 to $500,000				
Ng Siew Khim	86	14	–	100
Below $250,000				
Chiang Yi Shin(3)	81	19	–	100

(3) Mr Chiang Yi Shin was appointed as Chief Financial Officer on 1 October 2021.

The annual aggregate remuneration paid to the key management personnel for FY2022 was $0.5 million.

There is no employee who is related to a Director, Chairman and CEO, or substantial shareholder, whose remuneration exceeds $100,000 in the Group's employment for FY2022. *Provision 8.2*

There is no termination, retirement, post-employment benefits that are granted to the Directors, Chairman and CEO, and top key management personnel.

Share Option Scheme

The Keong Hong Employee Share Option Scheme (the "Scheme"), which was approved by the shareholders at an extraordinary general meeting held on 21 November 2011 had expired on 21 November 2021. *Provision 8.3*

Notwithstanding the expiry of the Scheme, there are still options granted previously which have yet to be exercised/expired. Further details of the outstanding options are found in the Directors' Statement *Rule 1207 (16)*

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls and Audit Committee

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Risk Management and Internal Control Systems

The Board is responsible for the governance of risk and sets the tone and direction for the Company in the way that it expects risks to be managed. The Board has overall responsibility for approving the business strategies of the Company in a manner which addresses stakeholders' expectations and does not expose the Company to an unacceptable level of risk which could impede the achievement of the Company's objectives. The Board sets the direction for how risk is to be managed in the pursuit of business objectives and promotes a risk aware and risk conscious culture, which is one where Management understands the importance of risk management and their responsibilities therein. *Provision 9.1*

Enterprise Risk Management Framework

The Company has developed and continues to review and update the Risk Governance and Internal Control Framework Manual ("The Manual"). The Manual sets out the risk governance responsibilities, business strategies, risk tolerances, risk appetites and the accountability and oversight for the appropriate risk management activities which mitigate the occurrence and exposure to significant risks that could impede business objectives. Management has defined the business objectives to be pursued for the financial year and the specific risk tolerance and appetite limits. The Board has been provided the basis for which they are able to delegate their responsibilities and the authority and limits assigned to Management in respect of these critical business activities. The Board and the Company have through this Manual articulated the operating policies and risk mitigation activities that are in place to mitigate and provide contingencies to deal with the occurrence of significant business risks. In addition to this, Management has been evaluated on their ability to maintain an adequate and effective system of internal control environment. This evaluation takes into consideration the key internal control principles of ISO 31000:2009 Risk Management framework and the components of the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") which are the control environment, risk assessment, control activities, information and communication, and the monitoring activities within the Company. Management has provided responses to the Board to explain how they intend to resolve any potential internal control deficiencies identified through this process.

To supplement the Manual, the Company already has in place an Enterprise Risk Management ("ERM") framework which is aligned with the requirements of COSO Internal Controls Integrated Framework.

The Company has updated the risk profile in the ERM framework through a Group-wide risk assessment exercise conducted in FY2022. This ensures that the risk register is current and reflects the changing business risk exposures and addresses the significant and relevant risks to the Group, the risk owners responsible for managing the identified risks and the internal controls in place to address those risks. Management continues to regularly review and update the risk register with the objective of assigning clear accountability and ownership of risks at the operating level to manage risks, addressing any material breaches in risk thresholds and highlighting any emerging or material risks to the Board. This serves to uphold the effectiveness of risk management as the second line of defense.

The Group's Internal Auditors, RSM Risk Advisory Pte. Ltd. have taken into consideration the Risk Governance and Internal Control Framework Manual, the updated risk register and risk profile contained within the Group's Risk Assessment Report when preparing the annual internal audit plan. This risk-based internal audit plan is approved by the AC and internal audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls and risk management in addressing financial, operational, information technology and compliance risks. This serves to ensure that internal audit as the third line of defense is able to function effectively. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditors, Mazars LLP in the course of the statutory audit.

CORPORATE GOVERNANCE REPORT

Risk Committee

The Company has not established a separate Risk Committee. The responsibility for risk governance and oversight of the ERM framework and program rests with the AC.

The AC is independent and assists the Company in its oversight of risk management. The AC's responsibilities on risk management are as follows:

- to review and adopt the risk governance approach and risk policies of the Company which are then proposed to the Board;
- to review the risk management methodology adopted by the Company;
- to review the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks and threats relevant to the Company;
- to review Management's assessment of risks and Management's action plans to mitigate such risks;
- to propose the risk appetite and risk tolerance limits to the Board;
- to review any material breaches of risk limits;
- to review the Company's anti-fraud procedures including the Whistle Blowing Policy and ensures appropriate follow-up actions;
- to report to the Board on matters, findings and recommendations relating to risk management; and
- to review the adequacy and effectiveness of the Company's risk management systems.

Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board has received assurances from: *Provision 9.2*

(a) the CEO and the Chief Financial Officer ("CFO") that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances;

(b) the CEO and other key management personnel who are responsible for the Group's risk management and internal control system that the Group's risk management and internal control system remain adequate and effective; and

(c) there has been full conformance with the risk governance activities and responsibilities as outlined in the Company's Risk Governance and Internal Control Framework Manual.

The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective during the financial year and up to the date of this report. This opinion is based on the internal control policies and procedures established and maintained by the Company, the work done by the Internal and External Auditors, reviews carried out by Management, various Board Committees and the Board. The Board, together with the AC and Management, will continue to enhance and improve the existing internal controls framework to identify and mitigate these risks. There were no material weaknesses identified by the Board or the AC for FY2022. *Rule 1207 (10)*

The system of internal controls and risk management established by the Company provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board is also mindful that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

Principle 10: The Board has an AC which discharges its duties objectively.

Roles, Responsibilities and Authority of AC

During FY2022, the AC comprises the following four Directors, all the members, including its Chairman are independent: *Provision 10.2*

Fong Heng Boo	–	Chairman (Independent)
Chong Weng Hoe	–	Member (Independent)
Chong Wai Siak	–	Member (Independent)
Koh Tee Huck Kenneth	–	Member (Independent)

The profiles of each AC members are set out on pages 19 to 21 of this Annual Report. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management knowledge, expertise and experience to discharge their responsibilities properly. *Provision 10.2*

None of the AC members are former partners or Directors of, or have any financial interests in, the Company's existing auditing firm or auditing corporation. *Provision 10.3*

The role of the AC is to assist the Board in overseeing the adequacy and effectiveness of the overall system of internal control, the internal audit functions within the Group, the scope of audit by the external auditor as well as their independence. The AC's roles and responsibilities are described in its terms of reference. The duties of the AC include: *Provision 10.1*

(i) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(ii) reviewing at least annually the adequacy and effectiveness of the Group's internal controls and risk management systems;

(iii) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(iv) making recommendations to the Board on (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

(v) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit functions;

(vi) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(vii) reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

(viii) reviewing the assistance given by the Company's officers to the external auditors;

(ix) reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(x) reviewing the interested person transaction in accordance with the Listing Manual of the SGX-ST (if any);

(xi) meeting with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually; and

(xii) reporting to the Board the significant issues and judgements that the AC considered in relation to the financial statements, and how these issues were addressed.

CORPORATE GOVERNANCE REPORT

Apart from the duties listed above, the AC, if required, may commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

The AC has been given full access and obtained the co-operation of Management. The AC has the explicit authority to investigate any matter within its terms of reference. It has full discretion to invite any Director or executive officer to attend its meetings, and be given reasonable resources to enable it to discharge its functions properly.

The AC has met with Mazars LLP, the external auditors of the Company, without the presence of Management, to discuss the results of their audit and their evaluation of the systems of internal accounting controls. *Provision 10.5*

For FY2022, Mazars LLP did not provide non-audit services to the Group, thus, there are no non-audit fees paid to Mazars LLP.

The AC has also reviewed and confirmed that Mazars LLP is a suitable audit firm to meet the Company's audit obligations, after taking into consideration the Audit Quality Indictors Disclosure Framework published by the ACRA and having regard to the adequacy of resources and experience of the firm and the assigned audit engagement partner, the external auditors' non-audit service, the size and complexity of the Group, number and experience of supervisory and professional staff assigned to the Group's audit.

The AC is satisfied with the independence and objectivity of the external auditors and has recommended that Mazars LLP be re-appointed as the Company's external auditors in respect of financial year ending 30 September 2023 ("FY2023") at the forthcoming AGM. The aggregate audit fees paid to the external auditors for FY2022 are $176,000 as set out on page 92 of this Annual Report.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, discussions are held with the external auditors when they attend the AC meetings every half yearly. The AC members were encouraged to attend external courses conducted by relevant professional institutes as and when deemed necessary or upon request.

The Company confirms that Rules 712 and 715 of the SGX-ST Listing Manual in relation to its auditing firms have been complied with. *Rules 712 and 715*

The Board conducts periodic reviews and assessments of the internal controls for its financial, operational and compliance functions, and the internal audit systems put in place by Management to ensure the integrity and reliability of the Group's financial information and to safeguard its assets. Any recommendations from the internal and external auditors to further improve the Company's internal controls are reported to the AC.

In the review of the financial statements of the Group and the Company for FY2022, the AC had discussed with Management the accounting principles that were applied and their judgement of items that could affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC reviewed and addressed, among other matters, the following key audit matters ("KAMs") as reported by the external auditors for FY2022.

CORPORATE GOVERNANCE REPORT

Key audit matters	How these Issues were addressed by the AC
Accounting for construction contracts	The AC reviewed the contract revenue recognition using cost-based input method that reflects the over-time transfer of control to its customers. The AC considered Management's judgements and estimates used in the determination of total construction contract costs and found them to be appropriate.
Impairment assessment of investment in associates	The AC considered Management's approach and assumptions in assessing for impairment of its investments in the associates. The AC considered the reasonableness of the significant judgements and estimates involved in determining the present value of future cash flows from the associates and the adequacy of the expected credit loss allowance and were satisfied that these were appropriate.
Going concern	The AC reviewed the Group' ability to operate as a going concern based on the Group' cash flow forecast for the next twelve months from the date of authorisation of the financial statements, the continuing financial support from the ultimate controlling company, LJHB Holdings Pte. Ltd., and the available banking and other credit facilities to finance the Group' operations. The AC agreed that the financial statements of the Group and the Company be prepared on a going concern basis.

Details on the KAMs can be found on pages 53 to 55 of the Annual Report.

Internal Audit Function

The AC is tasked to oversee the implementation of an effective system of internal controls as well as putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Group. The AC has the mandate to authorise special reviews or investigations, where appropriate in discharging its responsibilities.

The internal audit function of the Group is currently outsourced to RSM Risk Advisory Pte Ltd (the "Internal Auditor"), a professional advisory firm providing corporate governance, internal audit, enterprise risk assessment, technology as well as fraud risks and regulatory compliance services. The internal audit team is led by Mr Dennis Lee, a Chartered Accountant of Singapore and Certified Public Accountant of Australia, with extensive internal and risk management experience. All his team members have the relevant qualifications and experience and are members of The Institute of Internal Auditors of Singapore and/or members of relevant professional bodies. The Internal Auditor reports directly to the AC and supports the AC in their role to assess the adequacy and effectiveness of the Group's overall system of operational, financial, technology and compliance related controls and this forms the third line of defense for the AC to discharge its responsibilities. *Provision 10.4*

To ensure the adequacy of the internal audit function, the AC reviews and approves the risk based internal audit plan on an annual basis. All Internal Auditor reports are given to the AC, the key management personnel and the Heads of the relevant business divisions, with a summary report of internal audit results presented at the AC meeting. The AC was satisfied that recommendations made were dealt with by the Management in a timely and appropriate manner, with outstanding exceptions or recommendations being closely monitored and reported back to the AC.

The Internal Audit function is independent of all the areas and activities which are covered under the scope of review and they have unfettered access to all documents and personnel relating to the areas or activities which are covered under the annual internal audit plan. *Provision 10.4*

The internal audit function operates within the standards consistent with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (IIA), an international professional association with global headquarters in United States of America.

CORPORATE GOVERNANCE REPORT

RSM Risk Advisory Pte Ltd is a corporate member of the Institute of Internal Auditors Singapore (IIAS), an affiliate of the IIA. Processes are in place to ensure that the professional competence of the IA staff is maintained and upgraded through continuing training and education programmes which comprised technical and non-technical training for the development of the IA staff.

During the year, the AC met with the Internal Auditor of the Company, without the presence of Management, to discuss the results of their audit and their evaluation of the Company's systems of internal controls. *Provision 10.5*

The AC is satisfied with the quality and effectiveness of the Internal Audit function and that the Internal Audit function is currently adequately resourced and has appropriate independent standing within the Group to perform its functions effectively.

Whistleblowing Policy

The Company has implemented a Whistleblowing Policy whereby accessible channels are provided for employees, shareholders, clients, consultants, vendors, contractors and sub-contractors, to raise concerns about possible improprieties in financial reporting, fraudulent acts and other irregularities, and to ensure that arrangements are in place for independent investigations of such matters and timely implementation of appropriate preventive and corrective actions.

The AC is responsible for oversight and monitoring of whistleblowing and the AC reviews all whistleblowing complaints, if any, at every meeting to ensure independence thorough investigation and appropriate follow-up actions are taken.

The Company will treat all information received as confidential and will protect the identity of all whistleblowers from reprisal. It is also committed to ensuring that whistleblowers will be treated fairly, and protected against detrimental or unfair treatment for whistleblowing in good faith. The details of the Whistleblowing Policy are available on the Company's website. During FY2022, there was no incident of concern reported to the AC.

SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Opportunity for Shareholders to Participate and Vote at General Meetings

The Company does not practise selective disclosure. Price sensitive information is promptly released on SGXNET after trading hours. Financial results and annual reports are announced or issued within the mandatory periods. Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website at www.keonghong.com.

General Meetings

Shareholders are encouraged to attend the AGM to ensure a greater level of shareholders' participation and for them to be kept up to date with the strategies and goals of the Group. All shareholders of the Company receive a copy of the annual report, the notice of AGM and circulars and notices pertaining to any extraordinary general meeting of the Company. To facilitate participation by the shareholders, the Constitution of the Company allows the shareholders entitled to attend and vote at general meetings of the Company to appoint not more than two proxies to attend and vote on behalf. In the case of a shareholder who is a relevant intermediary (as defined in the Act), it may appoint more than two proxies but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. The proxy forms are to be deposited at the Company's Share Registrar office not less than 72 hours before the meeting. Detailed information on each item of the AGM agenda can be found in the explanatory notes to the AGM Notice in the Annual Report. *Provision 11.1*

Due to the COVID-19 restrictions and advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore that were in effect at the relevant time, the AGM of the Company in respect of the financial year ended 31 September 2021 held on 25 March 2022 and the EGM in respect of the change of auditors held on 22 August 2022 were conducted by way of electronic means as shareholders were not able to attend the AGM and EGM in person. To enable shareholders to participate in and vote effectively at the AGM and EGM held by way of electronic means, the Company had set out detailed information on the alternative arrangements relating to attendance at the AGM and EGM, submission of questions in advance of the AGM and EGM, and voting procedures for the AGM and EGM in the Company's announcements dated 3 March 2022 and 29 July 2022 respectively on the SGXNET.

CORPORATE GOVERNANCE REPORT

The Company' forthcoming Fifteenth AGM to be held on 30 January 2023 will also be convened and held by way of electronic means. The alternative arrangement relating to the attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of, or at, the AGM, addressing of substantial and relevant questions prior to, or at, the AGM, and voting at the AGM (i) live by the members or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on the members' behalf at the AGM, will be put in place for the AGM. To facilitate high levels of shareholders' engagement, real-time electronic communication and real-time electronic voting will be conducted during the AGM for shareholders and proxy(ies) attending the AGM via electronic means. The Company will provide answers to shareholders' questions within reasonable timelines. Please refer to the Notice of the Fifteenth AGM of the Company, which may be accessed at the Company's website at https://www.keonghong.com/newsroom or at the SGX website at https://www.sgx.com/securities/company-announcements for more information.

Separate Resolutions at General Meetings

The Company provides for separate resolutions at general meeting on each distinct issue. All the resolutions at the general meetings are single item resolutions. Where resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting *Provision 11.2*

All resolutions at general meeting are put to the vote by way of poll. Votes cast for, or against, for each resolution will be read out by the Chairman of the Meeting immediately at the meeting. The total numbers and percentage of votes cast for or against the resolutions are also announced after the conclusion of the general meeting via SGX-ST's website.

The Company will appoint an independent external party as scrutineer for the poll voting process for the purpose of directing and supervising the count of the votes cast through proxy and in person. Prior to the commencement of the general meetings, the scrutineer will review the proxies and proxy process and also ensure that satisfactory procedures of the voting process are in place. Shareholders are informed of the voting process at each general meeting.

Attendees at General Meeting

All the Directors (including chairpersons of the Board Committees) attend all general meetings of the Company and the external auditors will also be present in addressing queries raised by shareholders relating to the conduct of the audit and the preparation and the content of the auditors' report. All the Directors held in office during the financial year were present at both the AGM and EGM held in 2022. The newly appointed external auditors, Mazars LLP were also present at the EGM held on 22 August 2022. *Provision 11.3*

Absentia Voting at General Meetings

As authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, facsimile or email. *Provision 11.4*

Minutes of General Meetings

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. Provision 11.5 requires companies to publish minutes of general meetings with shareholders on its corporate website as soon as practicable. The Company published its minutes of general meetings via the SGXNET and on the Company's corporate website within one (1) month from the conclusion of the general meetings. *Provision 11.5*

Dividend Policy Guideline

The Company does not have a fixed dividend policy. The frequency and amount of dividend distribution will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow and general business conditions, development plans and other factors as the Directors may deem appropriate. Since the listing of the Company on SGX in 2011 and prior to the financial year ended 2020, it had good track record of paying dividends every half-yearly/yearly. Any pay-outs are clearly communicated to shareholders via the financial results announcements through SGXNET. *Provision 11.6*

CORPORATE GOVERNANCE REPORT

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.

Communication with Shareholders

In line with the continuous disclosure obligations under the requirements of the SGX-ST Listing Manual and requirements of the Act, the Board informs the shareholders promptly of all major developments that may have a material impact on the Group.

The Company communicates (at least once annually at the AGM) with its shareholders and facilitates the participation of shareholders during general meetings and (where applicable) other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Investor Relations Policy

The Company has in place an investor relations policy and has engaged an external professional investor relation ("IR") firm, 29 Communications LLP as its IR firm with the aim to better communicate with its shareholders and analyst on a regular basis and to gather views or inputs and take any of their queries or concerns. The IR firm also manages the dissemination of information to the media, public, institutional investors and public shareholder, and act as liaison with these parties. Shareholders can contact or provide their views directly to the IR firm via a dedicated 'Investor Relations' link at the Company's website. *Provisions 12.2 and 12.3.*

MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Relationship with Stakeholders

The Company values input from all of its stakeholder groups and uses a variety of channels and platforms to engage with them as well as receive their feedback. The Company identifies stakeholders as groups that have an impact or have the potential to be impacted by its business, as well as those external organisations that have expertise in aspects that the Company considers material. *Provision 13.1*

Sustainability Report

The Company is committed to corporate social responsibility, built on a strong foundation of transparency, governance and ethics that create value for its stakeholders which comprise employees, suppliers and subcontractors, guests, developers and customers, industrial organisations. governments and regulators, community as well as shareholders and investors. *Provision 13.2*

The Sustainability Report which highlights the Group's strategy and key areas of focus in relation to managing stakeholders' relationships during FY2022 have been disclosed on the standalone Sustainability Report 2022 on 11 January 2023.

Corporate website

The Company maintains a corporate website to communicate and engage with all stakeholders. The Company's corporate website is at www.keonghong.com. *Provision 13.3*

CORPORATE GOVERNANCE REPORT

OTHER CORPORATE GOVERNANCE MATTERS

DEALINGS IN SECURITIES

The Company has adopted an internal compliance code which prohibits dealings in the securities of the Company by Directors and officers while in possession of price-sensitive information. The Company, Directors and officers should not deal in the Company's securities on short term consideration and are prohibited from dealing in the securities of the Company during the period beginning two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and one month before the announcement of full year results, and ending on the date of such announcements. In addition, Directors and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Rules 1207(19)(a) and (C)

Following the Company's cessation on quarterly reporting from financial year ended 30 September 2020, the internal code on dealing in securities of the Company has been updated whereby the Company, Directors and employees of the Group are not permitted to deal with the securities of the Company during the period beginning one month before the announcement of the half year and full year financial statements results and ending on the date of the announcement.

During 2022, SGX has required the Company to start its quarterly financial reporting for the third quarter ended 30 June 2022 ("3Q") pursuant to Rule 705(2)(e). This quarterly reporting requirement will continue until such time the auditor issue a clean opinion on the financial statements of the Company and have not highlighted any material uncertainty on going concern. In this respect, Directors and employees have been reminded to refrain from dealing with the securities of the Company during the period beginning two weeks prior to the announcement of the 3Q financial results.

MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company or its subsidiaries involving the interest of the Chairman and CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2022 or if not then subsisting, entered into since the end of the previous financial year.

Rule 1207(8)

INTERESTED PERSON TRANSACTIONS

The Company has set out procedures governing all interested person transactions to ensure that they are reported in a timely manner to the AC and that the transactions are carried out fairly on an arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of the Company and its shareholders. All interested person transactions are subject to review by the AC to ensure compliance.

Rules 1207(17), 1207(18) and 907

During the year, the following interested person transactions with aggregate value exceeding $100,000 were entered into with the following Director and controlling shareholder:

Name of interested person	Aggregate value of all interested person transactions conducted during the financial year (excluding transactions below $100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	$'000	**$'000**
Director and Substantial Shareholder		
Leo Ting Ping Ronald	266	–
Controlling Shareholder		
LJHB Capital (S) Pte. Ltd.	237	–

The Company does not have a general shareholders' mandate for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Keong Hong Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2022.

1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2022 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date, in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Chairman and Chief Executive Officer
Leo Ting Ping Ronald

Executive directors
Er Ang Hooa
Xu Quanqiang

Lead Independent director
Chong Weng Hoe

Non-Executive Independent directors
Chong Wai Siak
Fong Heng Boo
Koh Tee Huck Kenneth

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of the objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraph 5 below.

DIRECTORS' STATEMENT

4. Directors' interests in shares, warrants or debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital, warrants and debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as disclosed below:

Name of the directors and respective companies in which interests are held	Direct interest At beginning of the financial year	Direct interest At end of the financial year	Deemed interest At beginning of the financial year	Deemed interest At end of the financial year
	Number of ordinary shares			
The Company				
Keong Hong Holdings Limited				
Leo Ting Ping Ronald	34,994,400	5,231,180	37,500,000	22,500,000
Er Ang Hooa	500,000	350,000	–	–
	6.25% fixed rate Notes due 19 August 2023 pursuant to the Multicurrency Medium Term Note Programme established on 22 July 2020			
Leo Ting Ping Ronald	–	–	$2,000,000	$2,000,000
Chong Weng Hoe	–	–	$250,000	$250,000
Fong Heng Boo	–	–	$500,000	$500,000

By virtue of Section 7 of the Act, Mr. Leo Ting Ping Ronald is deemed to have an interest in all related corporations of the Company. In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of the Directors' Shareholdings, the Directors' interests as at 21 October 2022 in the shares or debentures of the Company and its related corporations have not changed from those disclosed as at 30 September 2022.

5. Share options

(a) Options to take up unissued shares

At the Company's Extraordinary General Meeting held on 21 November 2011, the shareholders approved the Keong Hong Holdings Limited Employee Share Option Scheme (the "Scheme"). The Scheme is administered by the Company's Remuneration Committee, comprising Chong Wai Siak, Chong Weng Hoe, Fong Heng Boo and Koh Tee Huck Kenneth (the "Committee"). This Scheme is designed to reward and retain the eligible participants whose services are vital to the success of the Company. Under the rules of the Scheme, Executive Directors and Non-Executive Directors and employees of the Group, who are not controlling shareholders are eligible to participate in the Scheme.

Other information regarding the Scheme is set out below:

– The exercise price of the options can be set at a price at a discount to the market price not exceeding 20% of the market price;

– The market price is determined based on the average of the last dealt prices of the ordinary shares of the Company on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") over the five consecutive market days immediately preceding the date of grant;

– The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the options are exercisable over a period of 8 years; and

– All options are settled by physical delivery of shares.

DIRECTORS' STATEMENT

5. **Share options** (Continued)

(a) **Options to take up unissued shares** (Continued)

The aggregate number of shares over which the Committee may grant options on any date, when added to the number of shares issued or issuable and/or transferred or transferable in respect of all options granted under the Scheme and any other share schemes of the Company, shall not exceed 15% of the issued shares (excluding treasury shares) of the Company on the date immediately preceding the grant of an option (or such other limit as the SGX-ST may determine from time to time).

This scheme had expired on 21 November 2021.

Notwithstanding the expiry of the scheme, there are options granted previously which have yet to be exercised/expired.

(b) **Unissued shares under option and options exercised**

The number of outstanding share options under the scheme is as follows:

Number of options to subscribe for ordinary shares of the Company

Date of grant	Balance at beginning of financial year	Granted during the financial year	Exercised during the financial year	Forfeited during the financial year	Balance at end of financial year	Exercise price $	Exercisable period
1.10.2013	650,000	–	–	–	650,000	0.310	1.10.2015 to 30.9.2023
20.6.2014	630,000	–	–	–	630,000	0.310	1.10.2015 to 30.9.2023
1.12.2014	200,000	–	–	–	200,000	0.315	1.12.2016 to 30.11.2024
8.1.2016	1,650,000	–	–	–	1,650,000	0.400	8.1.2018 to 7.1.2026
3.4.2017	300,000	–	–	–	300,000	0.355	3.4.2019 to 2.4.2027
2.4.2018	2,525,000	–	–	–	2,525,000	0.460	2.4.2020 to 1.4.2028
16.4.2019	500,000	–	–	–	500,000	0.400	16.4.2021 to 15.4.2029
Total	6,455,000	–	–	–	6,455,000		

There were no options granted to executive directors, key executive officers and employees during the financial year (2021: NIL).

No employees or employee of related corporations has received 5% or more of the total options available under this scheme, except as disclosed below.

Name of employee	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Er Ang Hooa	–	1,300,000	(200,000)	–	1,100,000
Ng Siew Khim	–	950,000	(320,000)	–	630,000
Khoo Hong Choon	–	775,000	(625,000)	–	150,000
Toh Goon Yong	–	775,000	(625,000)	–	150,000

DIRECTORS' STATEMENT

5. **Share options** (Continued)

(b) **Unissued shares under option and options exercised** (Continued)

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual).

The information on Directors of the Company participating in the Scheme is as follows:

Name of Director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to the end of financial year	Aggregate options exercised since commencement of the Scheme to the end of financial year	Aggregate options lapsed since commencement of the Scheme to the end of financial year	Aggregate options outstanding as at the end of financial year
Er Ang Hooa	–	1,300,000	(200,000)	–	1,100,000

6. **Audit Committee**

The Audit Committee comprises the following members, who are all Non-Executive Directors and a majority of whom, including the Chairman, are Independent Directors. The members of the Audit Committee at the date of this statement are:

Fong Heng Boo (Chairman)
Chong Weng Hoe
Chong Wai Siak
Koh Tee Huck Kenneth

The Audit Committee has met 4 times during the financial year ended 30 September 2022. The Audit Committee carries out its functions in accordance with Section 201B (5) of the Act, and the Code of Corporate Governance, including the following:

(a) review with the external auditors the audit plans, their evaluation of the system of internal controls relevant to the audit, their audit report, their management letter and the management's response;

(b) review with the internal auditors the internal audit plans and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval prior to the incorporation of such results in the annual report (where necessary);

(c) review the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

(d) review the internal control and procedures relevant to the audit and ensure co-ordination between the external auditors, internal auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

(e) review the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditors' report on those financial statements before their submission to the Directors of the Company;

(f) review the co-operation and assistance given by the Company's officers to the external and internal auditors;

(g) review the quarterly and half-yearly financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

DIRECTORS' STATEMENT

6. **Audit Committee** (Continued)

The Audit Committee has met 4 times during the financial year ended 30 September 2022. The Audit Committee carries out its functions in accordance with Section 201B (5) of the Act, and the Code of Corporate Governance, including the following: (Continued)

(h) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(i) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(j) review transactions falling within the scope of Chapter 9 and Chapter 10 of the SGX-ST Listing Manual (if any);

(k) review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

(l) review the effectiveness and adequacy of the administrative, operating, internal accounting and financial control procedures;

(m) review the key financial risk areas, with a view to providing an independent oversights on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or the findings are material, immediately announced via SGXNET;

(n) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(o) generally to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time;

(p) review arrangements by which the staff may, in confidence, raise concerns about possible improprieties in financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

(q) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the SGX-ST Listing Manual, including such amendments made thereto from time to time.

The Audit Committee as full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Mazars LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

7. **Auditors**

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Leo Ting Ping Ronald	**Er Ang Hooa**
Director	Director

Singapore
10 January 2023

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KEONG HONG HOLDINGS LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Keong Hong Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 30 September 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 149.

In our opinion, the accompanying consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2022 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

Out of the significant components, some were audited by component auditors under our instructions and the remaining were audited by us. We determined the component materiality and our level of involvement in the component auditors' audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgements and estimates to be made by directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KEONG HONG HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters include the salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter 1	**Audit response**
Accounting for construction contracts (Refer to Notes 3.2, 5 and 21 to the financial statements)	
Revenue from construction contracts amounted to approximately $146,740,000 and it represented 99% of the total revenue of the Group for the financial year ended 30 September 2022. As at the financial year end, the Group provided $10,312,000 for the unavoidable costs of fulfilling certain construction contracts with customers, that were in excess of the economic benefits expected to be received under the contract. The provision for the onerous contracts is expected to be utilised throughout the remaining contract period. The Group's core businesses are those of general and building contractors. Revenue from construction contracts is recognised by applying the cost-based input method that reflects the over-time transfer of control to its customers. The amount of revenue recognised is dependent on the stage of completion of the construction contracts, which is measured based on the proportion of contract costs incurred to date over the estimated total contract costs for each construction contract. The Group's accounting policy on revenue recognition from construction contracts is set out in Note 2.4 to the financial statements. Significant judgement is required to estimate the total construction contract costs that will affect the measure of progress and revenue and profit margins recognised from construction contracts. In addition, there was an increase in the level of estimation uncertainty and judgement in determining the total estimated construction contract costs for ongoing contracts as at 30 September 2022 arising from the continuing disruption to the supply chain for construction materials, supply of foreign construction workers and volatile economic conditions brought on by the macro-economic factors, e.g. the COVID-19 endemic and the Russia-Ukraine conflict. Accordingly, we have identified this area as a key audit matter.	We performed the following audit procedures, amongst others: • Understood and evaluated the Group's design and implementation of its system of internal controls relating to revenue recognition, with a focus on key controls; • Agreed the variation orders sum to the approved variation orders by customers; • Tested the costs incurred for projects on a sample basis by checking that the costs are properly allocated to their respective contracts and that these costs are directly attributable to costs supported by suppliers' invoices or other supporting documents; • Reviewed and assessed the estimated costs-to-complete for significant ongoing construction contracts by evaluating the reasonableness of the subcontractors' expenses, estimated labour hours, estimated labour rates, materials costs, and overhead expenses; • Evaluated the reasonableness of the management's budgets by comparing budgeted contract costs against actual contract costs for completed projects; • Obtained an understanding of the Group's consideration of SFRS(I) 1-37 in their application of the corresponding requirements of the standard and assess the appropriateness thereof; • Checked the arithmetical accuracy of the revenue recognised based on the input method computations; and • Reviewed the completeness and appropriateness of corresponding disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KEONG HONG HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

<table>
<tr><th>Key audit matter 2</th><th>Audit response</th></tr>
<tr><td colspan="2">Impairment of investment in associates (Refer to Notes 3.2, 15, 22 and 40 to the financial statements)</td></tr>
<tr><td>The Group's investments in associates comprise of investments in equity interests and amounts due from the associates. The associates of the Group are mainly in the business of hospitality operations and construction services.

As at financial year end, the Group applied the general approach to measure the expected credit losses on the amounts due from associates and determined the loss allowance based on 12-month expected credit loss ("ECL"). We have summarised the carrying value for costs of investments in associates and their corresponding net assets/liabilities as at 30 September 2022.

During the financial year, arising from indicators of impairment in the associates, the management carried out an impairment assessment to determine whether an impairment loss should be recognised in the financial statements.

The recoverability of the interest in these associates are dependent on the profitability from its hospitality operations and construction services.

Management has determined the recoverable amounts using the value-in-use method by estimating the present value of future cash flows of the associates and no additional impairment loss was recognised for the current financial year.

We focused on this area as a key audit matter due to significant management judgements and estimates involved in determining the present value of future cash flows from the associates.</td><td>We performed the following audit procedures, amongst others:

• Evaluated management's assessment of whether the credit risk of the amounts due from associates have increased significantly;

• Reviewed the adequacy of ECL allowance at end of the financial year, including assessing whether management's approach is consistent with SFRS(I) 9 requirements;

• Discussed with management and evaluated the reasonableness of the key assumptions made by management in preparing the discounted cash flows taking into consideration the current economic and business environment which are affected by COVID-19 endemic, including performing analytical procedures and comparing the revenue growth rates against historical performance and industry outlook, as appropriate;

• Assessed the reasonableness of the key assumptions and estimates used in the future cash flows, including the revenue growth rates, discount rates and terminal growth rates used;

• Engaged our internal valuation specialist to independently develop expectations on the discount rates and terminal growth rates applied;

• Carried out sensitivity analysis on revenue growth rates, discount rates and terminal growth rates applied by management to determine the impact on the carrying amount of the investments in associates; and

• Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KEONG HONG HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Key Audit Matters (Continued)

<table>
<tr><th>Key audit matter 3</th><th>Audit response</th></tr>
<tr><td colspan="2">Going Concern (Refer to Notes 4 to the financial statements)</td></tr>
<tr><td>As disclosed in Note 4 to the financial statements, the Group is exposed to heightened liquidity risk as a result of the factors disclosed therein, including the matters described below.

The Group has faced delays in its construction projects during the COVID-19 outbreak. However, the Group has gradually resumed its construction activities with its customers. For the financial year ended 30 September 2022, the Group incurred a net loss of approximately $46,591,000 with operating cash outflows of approximately $22,154,000.

As disclosed in Note 29 to the financial statements, the Group has breached certain financial covenants relating to a subsidiary's bank loan during the financial year. Accordingly, the drawdown amount is presented as a current liability as at 30 September 2022. Notwithstanding, the Group is in compliance with the covenants for the other bank loans and facilities utilised by the Group.

Based on the Group's cash flow forecast, the Board of Directors has concluded that the Group will have sufficient financial resources and there is no material uncertainty regarding the Group's ability to continue as a going concern for at least the next twelve months from the date of authorisation of the accompanying financial statements, taking into account the internally generated funds, external funds from continuing financial support from the ultimate controlling company, LJHB Holdings Pte. Ltd. and available banking and other credit facilities.</td><td>Our audit procedures focused on evaluating the significant judgements used by management and Board of Directors in their going concern assessment.

In particular, we performed the following:

• Discussed with management and the Board of Directors on their assessment of the Group's liquidity risk, including the availability of banking and other facilities to the Group;

• Obtained the Group's cash flow forecast prepared by management, discussed with management, and obtained relevant documentary evidence to support the basis of the underlying key assumptions applied in the cash flow forecast;

• Challenged the key assumptions, including performing sensitivity analysis on certain key assumptions applied in the cash flow forecast;

• Read the banking facilities agreements and evaluated management's assessment of the Group's compliance with its debt covenants as at 30 September 2022;

• Evaluated the adequacy and appropriateness of the related disclosures made in the financial statements.</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KEONG HONG HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KEONG HONG HOLDINGS LIMITED

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements of the Group for the financial year ended 30 September 2021 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 28 February 2022.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Zhang Liang.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
10 January 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 $'000	2021 $'000
Revenue	5	**148,067**	76,952
Cost of sales		**(178,859)**	(69,464)
Gross (loss)/profit		**(30,792)**	7,488
Other item of income			
Other income	6	**9,352**	7,398
Other items of expense			
Administrative expenses		**(16,428)**	(19,476)
Reversal/(Loss) allowance on financial assets			
– Trade and other receivables		**(3,474)**	(210)
– Contract assets		**(2,587)**	(703)
– Long-term interests		**–**	2,990
– Financial guarantee contracts		**704**	1,306
Finance costs	7	**(4,262)**	(7,026)
Other expenses		**(2,486)**	(686)
Share of results of joint ventures, net of tax		**9,568**	(2,835)
Share of results of associates, net of tax		**(5,529)**	(5,853)
Loss before income tax	8	**(45,934)**	(17,607)
Income tax expense	9	**(657)**	(2,573)
LOSS FOR THE FINANCIAL YEAR		**(46,591)**	(20,180)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		**(2,054)**	(162)
Other comprehensive loss for the financial year that may be reclassified to profit or loss, net of tax		**(2,054)**	(162)
Items that may not be reclassified subsequently to profit or loss			
Fair value loss on financial assets at FVOCI		**317**	(11,149)
Total other comprehensive loss for the financial year, net of tax		**(1,737)**	(11,311)
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		**(48,328)**	(31,491)
Loss for the financial year attributable to:			
Owners of the Company		**(45,901)**	(17,500)
Non-controlling interests		**(690)**	(2,680)
Loss for the financial year		**(46,591)**	(20,180)
Total comprehensive loss for the financial year attributable to:			
Owners of the Company		**(47,638)**	(28,811)
Non-controlling interests		**(690)**	(2,680)
Total comprehensive loss for the financial year		**(48,328)**	(31,491)
Loss per share attributable to owners of the Company (cents per share)			
Basic	10	**(19.53)**	(7.45)
Diluted	10	**(19.53)**	(7.45)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

		Group		Company	
	Note	2022 $'000	2021 $'000	2022 $'000	2021 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**15,113**	20,908	**–**	–
Right-of-use assets	12	**6,759**	6,353	**–**	74
Investment properties	13	**16,910**	21,382	**–**	–
Investments in subsidiaries	14	**–**	–	**23,803**	29,181
Investments in associate	15	**27,618**	31,055	**7,123**	7,123
Investments in joint ventures	16	**6,717**	32,275	**–**	–
Intangible assets	17	**165**	9	**–**	–
Financial assets at FVOCI	18	**31,142**	30,872	**2,415**	2,145
Financial assets at FVTPL	19	**19,806**	19,806	**–**	–
Non-trade receivables	22	**–**	36,815	**–**	–
Deferred tax assets	33	**70**	67	**–**	–
Total non-current assets		**124,300**	199,542	**33,341**	38,523
Current assets					
Inventories	20	**671**	836	**–**	–
Trade and other receivables	22	**93,214**	42,756	**19,451**	22,160
Contract assets	21	**38,514**	35,443	**–**	–
Prepayments		**1,262**	992	**13**	13
Fixed deposits	24	**4,820**	2,172	**3,215**	623
Cash and cash equivalents	24	**18,987**	20,874	**2,598**	2,252
		157,468	103,073	**25,277**	25,048
Non-current assets classified as held for sale	23	**–**	1,880	**–**	–
Total current assets		**157,468**	104,953	**25,277**	25,048
Total assets		**281,768**	304,495	**58,618**	63,571

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
EQUITY AND LIABILITIES					
Equity					
Share capital	25	**25,048**	25,048	**25,048**	25,048
Treasury shares	26	**(3,303)**	(3,303)	**(3,303)**	(3,303)
Share option reserve	27	**2,041**	2,041	**2,041**	2,041
Foreign currency translation reserve	28	**(1,379)**	675	**–**	–
Merger reserve	28	**(4,794)**	(4,794)	**–**	–
Fair value reserve	28	**(25,289)**	(25,559)	**(4,410)**	(4,680)
Other reserves		**1,125**	1,125	**–**	–
Retained earnings		**117,578**	163,432	**(10,341)**	(5,872)
Equity attributable to owners of the Company		**111,027**	158,665	**9,035**	13,234
Non-controlling interests		**(1,755)**	(1,065)	**–**	–
Total equity		**109,272**	157,600	**9,035**	13,234
Non-current liabilities					
Trade and other payables	34	**12,750**	–	**12,750**	–
Bank borrowings	29	**7,627**	9,801	**–**	–
Lease liabilities	30	**4,942**	5,423	**–**	58
Provisions	32	**512**	512	**–**	–
Deferred tax liabilities	33	**1**	1	**–**	–
Total non-current liabilities		**25,832**	15,737	**12,750**	58
Current liabilities					
Contract liabilities	21	**70**	129	**–**	–
Trade and other payables	34	**65,792**	28,327	**1,605**	2,303
Bank borrowings	29	**21,054**	34,948	**–**	–
Lease liabilities	30	**1,965**	892	**–**	21
Medium term notes	31	**35,228**	47,955	**35,228**	47,955
Provisions	32	**20,239**	14,119	**–**	–
Current income tax payable		**2,316**	4,788	**–**	–
Total current liabilities		**146,664**	131,158	**36,833**	50,279
Total liabilities		**172,496**	146,895	**49,583**	50,337
Total equity and liabilities		**281,768**	304,495	**58,618**	63,571

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

		Attributable to owners of the Company										
	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Merger reserve $'000	Fair value reserve $'000	Other reserve[1] $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
2022												
Group												
Balance at 1 October 2021		25,048	(3,303)	2,041	675	(4,794)	(25,559)	1,125	163,432	158,665	(1,065)	157,600
Loss for the financial year		–	–	–	–	–	–	–	(45,901)	(45,901)	(690)	(46,591)
Other comprehensive income/(loss)												
Exchange differences on translating foreign operations		–	–	–	(2,054)	–	–	–	–	(2,054)	–	(2,054)
Fair value loss on financial assets at FVOCI	18	–	–	–	–	–	317	–	–	317	–	317
Reclassification upon divestment of financial assets at FVOCI	28	–	–	–	–	–	(47)	–	47	–	–	–
Total comprehensive income/(loss) for the financial year		–	–	–	(2,054)	–	270	–	(45,854)	(47,638)	(690)	(48,328)
Transactions with owners, recognised directly in equity												
Amortisation of fair value for share option granted to employees	27	–	–	–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–	–	–
Balance at 30 September 2022		**25,048**	**(3,303)**	**2,041**	**(1,379)**	**(4,794)**	**(25,289)**	**1,125**	**117,578**	**111,027**	**(1,755)**	**109,272**

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

		Attributable to owners of the Company										
	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Merger reserve $'000	Fair value reserve $'000	Other reserve[(1)] $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
2021												
Group												
Balance at 1 October 2020		25,048	(3,303)	2,030	837	(4,794)	(14,465)	1,125	180,987	187,465	1,615	189,080
Loss for the financial year		–	–	–	–	–	–	–	(17,500)	(17,500)	(2,680)	(20,180)
Other comprehensive income/(loss)												
Exchange differences on translating foreign operations		–	–	–	(162)	–	–	–	–	(162)	–	(162)
Fair value loss on financial assets at FVOCI	18	–	–	–	–	–	(11,149)	–	–	(11,149)	–	(11,149)
Reclassification upon divestment of financial assets at FVOCI	28	–	–	–	–	–	55	–	(55)	–	–	–
Total comprehensive income/(loss) for the financial year		–	–	–	(162)	–	(11,094)	–	(17,555)	(28,811)	(2,680)	(31,491)
Transactions with owners, recognised directly in equity												
Amortisation of fair value for share option granted to employees	27	–	–	11	–	–	–	–	–	11	–	11
		–	–	11	–	–	–	–	–	11	–	11
Balance at 30 September 2021		25,048	(3,303)	2,041	675	(4,794)	(25,559)	1,125	163,432	158,665	(1,065)	157,600

(1) This relates to the share of associate's and joint venture's hedging reserve and transactions between owners of an associate

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total $'000
2022							
Company							
Balance at 1 October 2021		25,048	(3,303)	2,041	(4,680)	(5,872)	13,234
Loss for the financial year		–	–	–	–	(4,469)	(4,469)
Other comprehensive income for the financial year							
Fair value loss on financial assets at FVOCI	28	–	–	–	270	–	270
Total comprehensive loss for the financial year		–	–	–	270	(4,469)	(4,199)
Contribution by and distribution to owners of the company:							
Amortisation of fair value for share options granted to employees		–	–	–	–	–	–
Total transactions with owners of the company	27	–	–	–	–	–	–
Balance at 30 September 2022		**25,048**	**(3,303)**	**2,041**	**(4,410)**	**(10,341)**	**9,035**

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Fair value reserve $'000	Retained earnings $'000	Total $'000
2021							
Company							
Balance at 1 October 2020		25,048	(3,303)	2,030	(3,930)	2,851	22,696
Loss for the financial year		–	–	–	–	(8,723)	(8,723)
Other comprehensive income for the financial year							
Fair value loss on financial assets at FVOCI	28	–	–	–	(750)	–	(750)
Total comprehensive loss for the financial year		–	–	–	(750)	(8,723)	(9,473)
Contribution by and distribution to owners of the company:							
Amortisation of fair value for share options granted to employees	27	–	–	11	–	–	11
Total transactions with owners of the company		–	–	11	–	–	11
Balance at 30 September 2021		25,048	(3,303)	2,041	(4,680)	(5,872)	13,234

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 $'000	2021 $'000
Operating activities			
Loss before income tax		**(45,934)**	(17,607)
Adjustments for:			
Loss allowance/(reversal of loss allowance) on financial assets			
– Trade and other receivables		**2,705**	210
– Contract assets		**2,587**	703
– Long term interests		**–**	(2,990)
– Financial guarantee contracts		**(704)**	(1,306)
Impairment loss on investment in a joint venture		**–**	686
Impairment loss on non-current assets held for sale		**–**	329
Impairment loss on property, plant and equipment		**2,486**	–
Fair value changes on financial assets at FVTPL		**–**	3,586
Amortisation of intangible assets		**111**	11
Depreciation of investment properties		**555**	627
Depreciation of property, plant and equipment		**3,291**	3,501
Depreciation of right-of-use assets		**1,547**	1,209
Gain on disposal of plant and equipment		**(4)**	
Gain on disposal of right-of-use asset		**(61)**	
Gain on disposal of non-current asset held for sales		**(20)**	
Loss on disposal of intangible assets		**–**	191
Allowance for inventory obsolescence		**76**	321
Interest income		**(4,196)**	(4,088)
Interest expense		**4,262**	7,026
Increase/(decrease) in provisions:			
– Provision for onerous contract		**3,668**	4,809
– Provision for warranty		**–**	500
Amortisation of fair value for share options granted to employees		**–**	11
(Gain)/Loss on unrealised foreign exchange		**(1,944)**	1,319
Share of results of joint ventures		**(9,585)**	2,835
Share of results of associates		**5,529**	5,853
Operating cash flows before movements in working capital		**(35,631)**	7,715
Changes in working capital:			
Inventories		**89**	85
Trade and other receivables		**(15,268)**	3,898
Prepayments		**(270)**	(273)
Contract assets		**(5,658)**	(18,476)
Contract liabilities		**(59)**	(249)
Trade and other payables		**38,168**	(14,424)
Cash used in operations		**(18,629)**	(21,724)
Income taxes paid		**(3,132)**	(6,066)
Net cash used in operating activities		**(21,761)**	(27,790)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 $'000	2021 $'000
Investing activities			
Cash advances to associate		–	(470)
Loan to associates		–	(1,626)
Loan to joint ventures		–	(2,895)
Purchase of property, plant and equipment		(125)	(1,152)
Purchase of intangible assets		(267)	–
Additions to investment properties		–	(31)
Purchase of right-of-use assets		(303)	(45)
Proceeds from disposal of property, plant and equipment		148	39
Proceeds from disposal of right-of-use asset		131	–
Proceeds from disposal of non-current asset held for sales		1,900	–
Repayment of loan from associate		615	737
Repayment of loan from joint ventures		2,135	61,053
Repayment of loan from third parties		15	261
Interest received		163	6,099
Dividend from joint venture		37,600	–
Redemption of capital upon divestment of financial assets at FVOCI		47	150
Net cash generated from investing activities		42,059	62,120
Financing activities			
Fixed deposit pledged with financial institutions		(2)	(3)
Loan from shareholders		12,750	–
Proceeds from bank borrowings		24,328	20,190
Repayment of lease liabilities		(1,153)	(991)
Repayment of bank borrowings		(38,884)	(13,385)
Repayment of medium term notes		(12,750)	(51,250)
Interest paid		(4,429)	(6,921)
Net cash used in financing activities		(20,140)	(52,360)
Net increase/(decrease) in cash and cash equivalents		158	(18,030)
Cash and cash equivalents at beginning of financial year		21,813	40,000
Effect of exchange rate changes on cash and cash equivalents		631	(157)
Cash and cash equivalents at end of financial year	24	22,602	21,813

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

Reconciliation of liabilities arising from financing activities

			Non-cash movement				
	At beginning of financial year $'000	Financing cashflows $'000	Additions of right-of-use assets under finance leases $'000	Lease modification $'000	Accretion of interest $'000	Foreign exchange movement $'000	At end of financial year $'000
2022							
Medium term notes	**47,955**	**(12,750)**	**–**	**–**	**23**	**–**	**35,228**
Lease liabilities	**6,315**	**(1,153)**	**1,796**	**(51)**	**–**	**–**	**6,907**
Bank borrowings	**44,051**	**(14,556)**	**–**	**–**	**–**	**(1,482)**	**28,013**
	98,321	**(28,459)**	**1,796**	**(51)**	**23**	**(1,482)**	**70,148**
2021							
Medium term notes	98,952	(51,250)	–	–	253	–	47,955
Lease liabilities	7,204	(991)	102	–	–	–	6,315
Bank borrowings	37,246	6,805	–	–	–	–	44,051
	143,402	(45,436)	102	–	253	–	98,321

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Keong Hong Holdings Limited (the "Company") (Registration Number: 200807303W) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The registered office and principal place of business of the Company is located at 9 Sungei Kadut Street 2, Singapore 729230.

On 11 February 2022, LJHB Capital (S) Pte. Ltd. ("LJHB Capital") had completed the acquisition of an aggregate of 44,763,220 ordinary shares, representing approximately 19.05% of the total number of ordinary shares. On completion of the acquisition, LJHB Capital owned an aggregate of 107,580,420 ordinary shares, representing approximately 45.78% of the total number of ordinary shares. The ultimate holding company of LJHB Capital is LJHB Holdings Pte Ltd ("LJHB Holdings") and the ultimate controlling party is Ms. Liu Haiyan who wholly owned LJHB Holdings.

The principal activity of the Company is that of investment holding. The principal activities of the respective subsidiaries and associate are disclosed in Notes 14 to the financial statements.

The statement of financial position of Company as at 30 September 2022 and the consolidated financial statements of the Company and its subsidiaries (the "Group") and statement of changes in equity of the Company for the financial year ended 30 September 2022 were authorised for issue in accordance with a Directors' resolution dated 10 January 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I)s INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity is measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are presented in Singapore dollar ("$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("'000"), unless otherwise indicated.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I)s INT that are relevant to its operations and effective for annual periods beginning on or after 1 October 2021. The adoption of these new or revised SFRS(I)s and SFRS(I)s INT did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

SFRS(I)s and SFRS(I)s INT issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I)s INT that are relevant to the Group were issued but not yet effective:

SFRS(I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 3	Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
SFRS(I) 1-16	Amendment to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
SFRS(I) 1-37	Amendment to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
SFRS(I) 17	Insurance Contracts	1 January 2023
SFRS(I) 16	Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Various	Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Various	(Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16) Interest Rate Benchmark Reform – Phase 2	1 January 2023
Various	Disclosure of Accounting Policies	1 January 2023
Various	Annual Improvements to SFRS(I)s 2018-2021	1 January 2022

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group and the Company do not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned new/revised standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in capital reserve and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9") or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquire at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* ("SFRS(I) 3") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* ("SFRS(I) 5"), which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2.4 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes).

Contract revenue

The Group provides building construction services to customers through fixed-price contracts. Contract revenue is recognised when the Group's performance creates or enhance an asset that the customer controls as the asset is created or enhanced.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition (Continued)

Contract revenue (Continued)

For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In some circumstances such as in the early stages of a contract where the Group may not be able to reasonably measure its progress but expects to recover the contract costs incurred, contract revenue is recognised only to the extent of the contract costs incurred until such time when the Group can reasonably measure its progress.

Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The period between the transfer of the promised services and customer payment may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customers from the performing entity's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Group exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

Other sources of revenue

Rental income under operating lease is recognised on a straight-line basis over the term of the lease.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2.8 Share-based payments

The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share option reserve.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the treasury shares account, when treasury shares are re-issued to the employees.

2.9 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with amount of sales tax included

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

2.11 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Foreign currency transactions and translation (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.12 Investment property

Investment properties, which are properties held to earn rentals and/or for capital appreciation are initially recognised at cost including its transaction costs and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged using the straight-line method, so as to write-off the depreciable amounts of the investment properties over their remaining useful lives on the following bases:

	Years
Freehold land	Not depreciated
Commercial buildings	26 and 27

The residual values, useful life and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2.13 Associates and joint ventures

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Associates and joint ventures are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate or a joint venture above the fair value of the Group’s share of the identifiable assets, liabilities and contingent liabilities acquired is included in the carrying amount of the investment in associate or joint venture.

Under the equity method, the Group’s share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group’s share of net assets of associates or joint ventures and distributions received are adjusted against the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Associates and joint ventures (Continued)

Losses of an associate or a joint venture in excess of the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate or joint venture.

Where a Group entity transacts with an associate or a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the associate or joint venture. Any eliminated gain that is in excess of the carrying amount of the Group's interest in the associate or joint venture should be recognised as deferred income. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

As the dates of the associates' and joint ventures' audited financial statements used are not co-terminuous with that of the Group, the Group's share of results is arrived at based on the latest available audited financial statements and un-audited management financial statements up to the end of the reporting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Investments in associates are accounted for at cost, less accumulated impairment losses, if any, in the Company's statements of financial position.

2.14 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Land and buildings are revalued by independent professional valuers with sufficient regularity such that the carrying amounts do not differ materially from that which would be determined using fair values at the end of the financial year.

Any revaluation increase arising from the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

At the end of the financial year, a transfer of the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is made from the revaluation reserve to accumulated profits.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Property, plant and equipment (Continued)

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

	Years
– Building	10 – 17
– Office equipment	2 – 3
– Furniture and fittings	3 – 5
– Motor vehicles	5
– Plant and machinery	3 – 5

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 30.

No depreciation is charged on building under construction as this asset is not yet in use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.15 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite life are amortised on a straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in profit or loss through the ‘administrative expenses’ line item.

Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying amount may be impaired either individual or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Intangible assets (Continued)

Computer software

Computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and impairment loss, if any.

Amortisation is calculated on the straight-line method so as to write off the cost of the computer software over the estimated useful life of two years.

The useful life and amortisation method are reviewed at the end of each reporting period to ensure that the period of amortisation and amortisation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the computer software.

Transferable club memberships

Transferable individual club memberships are initially recognised at cost and are subsequently measured at cost less accumulated impairment losses, if any. Transferable club memberships are regarded as intangible assets with indefinite life and not amortised because there is no foreseeable limit to the period over which the assets are expected to be utilised.

Customer contracts and related customer relationships

Customer contracts and related customer relationship acquired in business combination are recognised at fair value at the acquisition date. Customer contracts and related customer relationships have finite useful lives and are carried at cost less accumulated amortisation and impairment losses.

2.16 Impairment of non-financial assets excluding goodwill

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Group applies a practical expedient are measured at transaction price as defined in SFRS(I)15 *Revenue from Contracts with Customers* in Note 2.4.

The classification of the financial assets at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost include Trade and other receivables, cash and cash equivalents and unquoted corporate bonds.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognised in interests income

Financial assets held at FVTOCI

Investments in quoted corporate bonds are debt instruments and are subsequently measured at FVTOCI as these are held within a business model whose objective is achieved by both collecting contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and selling the financial assets. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss. Upon derecognition cumulative fair value changes recognised in other comprehensive income is recycled to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial assets (Continued)

Financial assets held at FVTOCI (Continued)

At initial recognition, the Group may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis. The group has elected to designate investments in unquoted equity instruments at FVTOCI. Upon derecognition cumulative fair value changes are transferred to accumulated profits.

Dividends from equity instruments are recognised in profit or loss only when the Group's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost and debt instruments measured at FVTOCI. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group applies the simplified approach to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL. As a practical expedient, the Group uses an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions for measuring ECL.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I)15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 39.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Initial recognition and measurement

All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.5). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Financial guarantee contracts

The Group and the Company have issued corporate guarantees to banks for banking facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Group and the Company are required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I)15 previously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statements of financial position when and only when, an entity:

(a) currently has a legally enforceable right to set-off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis, comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Work-in-progress is stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all attributable production overheads. In arriving at the net realisable value, due allowance is made for obsolete, damaged and slow-moving items.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with financial institutions, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude deposits pledged with the financial institutions as collateral and are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

2.20 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (Continued)

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. For right-of-use assets relates to property, plant and equipment to which the Group applies the revaluation model, the Group elected not to apply the revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in-substance fixed payments less any lease incentive receivable,

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

– amounts expected to be payable under a residual value guarantee,

– the exercise price under a purchase option that the Group is reasonably certain to exercise, and

– payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (Continued)

The Group as a lessor

Where a contract contains more than one lease and/or non-lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component.

At the lease commencement date, the Group assesses and classifies each lease as either an operating lease or a finance lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset. The right-of-use assets are depreciated over the useful life as follows:

	Years
Land	6 – 16
Equipment	4
Motor vehicles	5 – 7
Warehouse	2 – 3
Dormitories	1 – 3

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.16 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group and Company revise their estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Leases (Continued)

Subsequent measurement (Continued)

When the Group and Company renegotiate the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional asses being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group and Company have elected to account for the entire contract as a lease. The Group and Company do not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2.24 Government grants

Grants from government are recognised as a receivable at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivables are recognised as income over the periods necessary to match them with the related costs which they intended to compensate on a systematic basis. Government grants relating to expense are shown separately as other income. Grants which are receivables in relation to expenses to be incurred in a subsequent financial period, are included as government grant receivables and deferred government grants, classified as current assets and current liabilities in the statements of financial position.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical judgements made in applying the Group's accounting policies

Management is of the opinion that there are no critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

Construction contracts

The Group has significant ongoing construction contracts as at 30 September 2022 that are non-cancellable. For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract. Significant assumptions are used to estimate the total contract sum and the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion and completeness of provision for onerous contracts recognised. In making these estimates, management has relied on past experience and the work of specialists. If the remaining estimated contract costs increase by 3% from management's estimates, the Group's profit or loss before income tax will decrease or increase by approximately $1,023,000 (2021: $402,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Impairment of investments in subsidiaries, associates and joint ventures

Management follows the guidance of SFRS(I) 1-36 *Impairment of Assets*, in determining whether investments in subsidiaries, associates and joint ventures are impaired. This requires assumption to be made regarding the duration and extent to which the recoverable amount of an investment is less than its carrying amount, the financial health, and near-term business outlook of the investments including factors such as industry and sector performance, changes in technology and operational and financing cash flows.Investment in subsidiaries, associates and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and where applicable, cash-generating units ("CGU") have been determined based on value-in-use calculations. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The Company's carrying amount of investments in subsidiaries as at 30 September 2022 was $23,803,000 (2021: $29,181,000) (Note 14). The Company's carrying amount of investments in associates as at 30 September 2022 was $7,123,000 (2021: $7,123,000) (Note 15). The Group's carrying amounts of investments in associates and joint ventures as at 30 September 2022 were $27,618,000 (2021: $31,055,000) and $6,717,000 (2021: $32,275,000) respectively (Notes 15 and 16).

Fair value measurement and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting and disclosures purposes. In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. For unquoted equity shares, the Group determines the fair value with reference to SFRS(I) 13 *Fair Value Measurement* to establish the appropriate valuation techniques and inputs to the model. Changes in assumptions on the inputs to the model could affect the reported fair value of the financial instruments. Information about the valuation techniques and inputs used in determining the fair values is included in Notes 18, 19 and 41 to the financial statements. The carrying amounts of the Group's assets measured at fair value as at 30 September 2022 are included in Note 18 and 19 to the financial statements.

Loss allowance on trade and other receivable, retention sum and contract assets

Trade receivables, retention sum and contract assets

Expected credit loss model is initially based on the Group's historical observed default rates. The Group will calibrate the model to adjust historical credit loss experience with industry future outlook. At each reporting period, historical default rates are updated and change in the industry future outlook is reassessed. The Group also evaluates expected credit loss on credit-impaired receivables separately at each reporting period. The carrying amount of the Group's trade receivables, retention sum and contract assets as at 30 September 2022 was $69,438,000 (2021: $55,495,000). The Group's credit risk exposure is set out in Note 39 to the financial statements

Non-trade receivables from subsidiaries, associates and joint ventures

Management determines whether there is significant increase in credit risk of these subsidiaries, associates and joint ventures since initial recognition. Management assesses the financial performances of subsidiaries, associates and joint ventures to meet the contractual cash flows obligation.

The carrying amount of the Company's non-trade receivables from subsidiaries and associates as at 30 September 2022 were $23,217,000 (2021: $25,520,000) (Note 14 and Note 22) and $958,000 (2021: $1,248,000) (Note 22) respectively. The carrying amount of the Group's non-trade receivables from associates and joint ventures as at 30 September 2022 were $114,601,000 (2021: $107,518,000) (Note 15 and Note 22) and $37,907,000 (2021: $38,196,000) (Note 16 and Note 22).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Measurement of lease liabilities

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the Group's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The weighted average incremental borrowing rate applied to the Group's lease liabilities as at 30 September 2022 was 3.3% (2021: 3.3%). The carrying amount of the Group's lease liabilities as at 30 September 2022 was $6,907,000 (2021: $6,315,000) (Note 30). If the incremental borrowing rate had been 0.5% higher or lower than management's estimates, the Group's lease liabilities would have been lower or higher by $35,000 (2021: $34,000).

4. GOING CONCERN

The Group has faced delays in its construction projects during the COVID-19 outbreak. However, the Group has gradually resumed its construction activities with its customers. For the year ended 30 September 2022, the Group incurred a net loss of approximately $46,591,000 with operating cash outflow of approximately $21,761,000.

As disclosed in Note 29 to the financial statements, the Group has breached certain financial covenants relating to a subsidiary's bank loan during the financial year. Accordingly, the drawdown amount is presented as a current liability as at 30 September 2022. Notwithstanding, the Group is in compliance with the covenants for the other bank loans and facilities utilised by the Group.

In response of the heightened liquidity risk, the management has drawn up the Group's cash flow forecast. Based on the Group's cash flow forecast, the Board of Directors has concluded that the Group will have sufficient financial resources and there is no material uncertainty regarding the Group's ability to continue as a going concern for at least the next twelve months from the date of authorisation of these financial statements, having assessed the following sources of funding available to the Group:

(a) Internally generated funds from the Group's core business, and potential proceeds from the disposal of certain assets;

(b) The continuing financial support from its ultimate controlling company, LJHB Holdings Pte. Ltd.; and

(c) Available banking and other credit facilities to finance the Group's operation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

5. REVENUE

	Group	
	2022 $'000	2021 $'000
Construction contracts – over time	146,740	75,411
Rental income from investment properties	1,327	1,541
	148,067	76,952

The disaggregation of revenue from contracts with customers is as follows:

	Buildings and Construction		Investment Property		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Geographical markets[(a)]						
Singapore	146,538	74,783	–	–	146,538	74,783
Maldives	202	628	–	–	202	628
Japan	–	–	1,327	1,541	1,327	1,541
	146,740	75,411	1,327	1,541	148,067	76,952
Timing of revenue recognition						
Services transferred overtime	146,740	75,411	1,327	1,541	148,067	76,952

(a) The disaggregation is based on the location of customers from which revenue was generated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

6. OTHER INCOME

	Group	
	2022 $'000	2021 $'000
Gain on disposal of plant and equipment	86	21
Interest income		
– banks	66	102
– loan due from joint ventures	667	1,024
– loan due from associates	3,463	2,946
– loan due from third party	1	16
Late charges charged to subcontractors	198	16
Rental income from warehouse	1,101	1,020
Sales of scrap steel	191	69
Management fee	300	300
Foreign exchange gain, net	1,944	127
Government grant		
– job support scheme	37	1,279
– foreign worker levy rebate	699	359
– job growth incentive	375	20
– others	128	39
Others	96	60
	9,352	7,398

Included in government grants is an amount of $37,000 (2021: $1,279,000) which was recognised during the financial year under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

7. FINANCE COSTS

	Group	
	2022 $'000	2021 $'000
Interest expenses:		
– medium term notes	2,639	5,798
– term loans	954	722
– revolving credit	–	9
– trust receipt	23	14
– lease liabilities	212	221
– bank overdraft	35	9
– unwinding of discount on medium term notes	23	253
– shareholders' loan	376	–
	4,262	7,026

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

8. LOSS BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2022 $'000	**2021 $'000**
Cost of sales		
Construction costs	**148,073**	40,583
Cost of inventories	**3,992**	3,269
Employee benefit expenses	**15,269**	12,463
Depreciation of property, plant and equipment	**15**	12
Depreciation of investment properties	**555**	627
Allowance for inventory obsolescence	**76**	329
Administrative and other expenses		
Audit fees		
– Auditors of the Company	**176**	128
– Other auditors	**64**	9
Non-audit fees		
– Auditors of the Company	**–**	31
Amortisation of intangible assets	**111**	11
Depreciation of property, plant and equipment	**3,276**	3,489
Depreciation of right-of-use assets	**1,547**	1,209
Employee benefit expenses	**5,550**	5,964
Fair value changes on financial asset FVTPL	**–**	3,586
Impairment loss on investment in joint venture	**–**	686
Loss on disposal of intangible assets	**–**	191
Foreign exchange loss, net	**–**	1,319
Professional fees	**1,769**	462

The loss before income tax also includes:

	Group	
	2022 $'000	**2021 $'000**
Employee benefit expenses:		
Salaries, wages, bonuses and other staff benefits	**20,012**	17,750
Contributions to defined contribution plans	**807**	666
Share option expenses	**–**	11
	20,819	18,427

Included in the employee benefit expenses were Directors' remuneration as shown in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

9. INCOME TAX EXPENSE

	Group	
	2022 $'000	2021 $'000
Current income tax		
– current financial year	–	2,631
– under/(over) provision in prior financial years	657	(582)
	657	2,049
Deferred income tax		
– current financial year	–	–
– under provision in prior financial years	–	524
	–	524
Total income tax expense recognised in profit or loss	657	2,573

The income tax expense varied from the amount of income tax expense determined by applying the applicable income tax rate of 17% (2021: 17%) to profit/(loss) before income tax as a result of the following differences:

	Group	
	2022 $'000	2021 $'000
Loss before income tax	(45,934)	(17,607)
Add/(Less):		
Share of result of joint ventures	(9,568)	2,835
Share of result of associates	5,529	5,853
	(49,973)	(8,919)
Income tax calculated at applicable income tax rate of 17% (2021: 17%)	(8,495)	(1,516)
Effect of different tax rate in other countries	96	35
Tax effect of income not subject to income tax	(5,835)	(3,825)
Tax effect of expenses not deductible for income tax purposes	8,221	6,150
Tax effect of tax exemption	–	(19)
Under/(Over) provision in prior financial years' current income tax	657	(582)
Under provision in prior financial years' deferred income tax	–	524
Unrecognised deferred tax assets	6,013	1,805
Others	–	1
	657	2,573

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

9. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax assets

	Group	
	2022 $'000	**2021 $'000**
Balance at beginning of financial year	**2,368**	39
Reassessment of unrecognised deferred tax assets in prior financial years	**–**	524
Amount not recognised during the financial year	**6,013**	1,805
Balance at end of financial year	**8,381**	2,368

Unrecognised deferred tax assets are attributable to:

	Group	
	2022 $'000	**2021 $'000**
Unutilised tax losses	**6,831**	1,722
Unutilised capital allowance	**126**	14
Others	**1,424**	632
	8,381	2,368

As at 30 September 2022, the Group has unutilised tax losses amounting to approximately $40,182,000 (2021: $10,130,000) available for set-off against future taxable profits subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Deferred tax assets have not been recognised as there is no certainty that there will be sufficient future taxable profits in the Group to realise these future benefits. Accordingly, the deferred tax assets have not been recognised in the financial statements in accordance with the accounting policy in Note 2.9 to the financial statements.

Included in unutilised tax losses are the following tax losses of KHA Resorts & Hotels Construction Pvt Ltd which are available for offset against future taxable income for a period of 5 years from the year incurred:

		Group	
Year incurred	**Year of expiry**	**2022 $'000**	**2021 $'000**
2018	2023	**14**	14
2019	2024	**43**	43
		57	57

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

10. LOSS PER SHARE

10.1 Basic loss earnings per share

Basic loss earnings per share is calculated by dividing the net (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2022 $'000	2021 $'000
The calculation of basic loss per share is based on the following data:		
Loss attributable to owners of the Company	**(45,901)**	(17,500)
Weighted average number of ordinary shares at 30 September	**235,010**	235,010
Basic loss per share (cents)	**(19.53)**	(7.45)

10.2 Diluted loss per share

For the purpose of calculating diluted earnings per share, profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

During the financial year ended 30 September 2022, the share options as mentioned above were not included in the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. As the Group has no dilutive potential ordinary shares, the diluted loss per share is equivalent to basic loss per share for the financial year.

Diluted earnings per share attributable to owners of the Company is calculated as follows:

	2022 $'000	2021 $'000
Loss attributable to owners of the Company ($)	**(45,901)**	(17,500)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000) (excluding treasury shares)	**235,010**	235,010
Weighted average number of ordinary shares at 30 September	**235,010**	235,010
Diluted loss per share (cents)	**(19.53)**	(7.45)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

11. PROPERTY, PLANT AND EQUIPMENT

Group	Building $'000	Office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Plant and machinery $'000	Construction in progress $'000	Total $'000
Cost							
Balance at 1 October 2020	34,326	1,314	762	1,005	17,461	2,701	57,569
Additions	799	13	–	–	340	–	1,152
Disposals	–	–	–	(56)	–	–	(56)
Reclassification	2,701	–	–	–	–	(2,701)	–
Reclassified as held for sale	(2,525)	–	–	–	–	–	(2,525)
Currency realignments	–	–	–	–	(10)	–	(10)
Balance at 30 September 2021	35,301	1,327	762	949	17,791	–	56,130
Additions	–	61	–	45	19	–	125
Disposals	–	(2)	–	(46)	(1,550)	–	(1,598)
Currency realignments	–	–	–	–	20	–	20
Balance at 30 September 2022	35,301	1,386	762	948	16,280	–	54,677
Accumulated depreciation							
Balance at 1 October 2020	12,172	1,261	739	811	17,098	–	32,081
Depreciation	3,105	39	9	113	235	–	3,501
Disposal	–	–	–	(38)	–	–	(38)
Reclassified as held for sale	(316)	–	–	–	–	–	(316)
Currency realignments	–	–	–	–	(6)	–	(6)
Balance at 30 September 2021	14,961	1,300	748	886	17,327	–	35,222
Depreciation	3,081	42	7	35	126	–	3,291
Disposal	–	(1)	–	(29)	(1,424)	–	(1,454)
Currency realignments	–	–	–	–	19	–	19
Balance at 30 September 2022	18,042	1,341	755	892	16,048	–	37,078
Accumulated impairment loss							
At 1 October 2020 and 30 September 2021	–	–	–	–	–	–	–
Impairment loss for the financial year	2,486	–	–	–	–	–	2,486
Balance at 30 September 2022	2,486	–	–	–	–	–	2,486
Net carrying amount							
At 30 September 2021	20,340	27	14	63	464	–	20,908
At 30 September 2022	14,773	45	7	56	232	–	15,113

As at 30 September 2022, the Group's building with carrying amounts of $14,773,000 (2021: $20,340,000) has been pledged with banks for bank facilities (Note 29).

As at 30 September 2022, motor vehicles with net carrying amounts of $56,000 (2021: $63,000) and were registered in the names of the directors and staff who are holding the motor vehicles in trust for the Group respectively.

As at 30 September 2022, the Group's building with carrying amounts of $NIL (2021: $2,209,000) were presented as non-current assets held for sale based on option-to-purchase price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

12. RIGHT-OF-USE ASSETS

Group	Land $'000	Equipment $'000	Motor vehicles $'000	Warehouse $'000	Dormitories $'000	Total $'000
Cost						
Balance at 1 October 2020	6,189	515	996	205	702	8,607
Additions	–	–	144	–	3	147
Balance at 30 September 2021	6,189	515	1,140	205	705	8,754
Additions	25	16	87	–	1,971	2,099
Disposal/Write-off	(35)	–	(173)	–	–	(208)
Balance at 30 September 2022	6,179	531	1,054	205	2,676	10,645
Accumulated depreciation						
Balance at 1 October 2020	479	119	255	91	248	1,192
Depreciation	479	119	271	91	249	1,209
Balance at 30 September 2021	958	238	526	182	497	2,401
Depreciation	480	122	243	23	679	1,547
Disposal	–	–	(103)	–	–	(103)
Reclassification	–	–	–	–	41	41
Balance at 30 September 2022	1,438	360	666	205	1,217	3,886
Net carrying amount						
At 30 September 2021	5,231	277	614	23	208	6,353
At 30 September 2022	4,741	171	388	–	1,459	6,759

Restrictions

Included in the above, motor vehicles with a carrying amount of $388,000 (2021: $614,000), is secured over the lease liabilities of $296,000 (2021: $404,000) (Note 30). The motor vehicles will be returned to lessor in the event of default by the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

12. RIGHT-OF-USE ASSETS (CONTINUED)

Company

	Motor vehicle	
	2022 **$'000**	**2021** **$'000**
Cost		
Balance at 1 October	**173**	173
Disposal	**(173)**	–
Balance at 30 September	**–**	173
Accumulated depreciation		
Balance at 1 October	**99**	50
Depreciation	**4**	49
Disposal	**(103)**	–
Balance at 30 September	**–**	99
Carrying amount		
At 30 September	**–**	74

Restrictions

Included in the above, motor vehicles with a carrying amount of $NIL (2021: $74,000), is secured over the lease liabilities of $NIL (2021: $79,000) (Note 30). The motor vehicles will be returned to lessor in the event of default by the Company. These motor vehicles are registered in the names of the directors and staff who are holding the motor vehicles in trust for the Company.

For the purpose of statement of cash flows, the Group's additions to right-of-use assets were financed as follows:

	2022 **$'000**	**2021** **$'000**
Additions of right-of-use assets	**2,099**	147
Acquired under finance lease agreements	**(1,796)**	(102)
Cash payments to acquire right-of-use assets	**303**	45

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

13. INVESTMENT PROPERTIES

Group	Freehold Land $'000	Commercial Buildings $'000	Total $'000
Cost			
Balance at 1 October 2020	8,329	17,420	25,749
Additions	–	31	31
Currency realignments	(501)	(1,049)	(1,550)
Balance at 30 September 2021	7,828	16,402	24,230
Currency realignments	(1,456)	(3,050)	(4,506)
Balance at 30 September 2022	6,372	13,352	19,724
Accumulated depreciation			
Balance at 1 October 2020	–	2,383	2,383
Depreciation	–	627	627
Currency realignments	–	(162)	(162)
Balance at 30 September 2021	–	2,848	2,848
Depreciation	–	555	555
Currency realignments	–	(589)	(589)
Balance at 30 September 2022	–	2,814	2,814
Net carrying amount			
At 30 September 2021	7,828	13,554	21,382
At 30 September 2022	6,372	10,538	16,910

The following amounts are recognised in profit or loss:

	Group	
	2022 $'000	**2021 $'000**
Rental income from investment properties	**1,327**	1,541
Direct operating expenses (including repairs and maintenance arising from rental generating investment properties)	**348**	352

Details of the Group's investment properties as at 30 September 2022 and 30 September 2021 are set out below:

Description	Location	Tenure	Approximate floor area (sqm)
Freehold land and commercial building	Osaka-shi Chuo-ku Honmachi 4-chome 13-2, 13-3 and 13-4, Japan	Freehold	2,452.43
Freehold land and commercial building	Osaka-shi Nishi-ku, Minamihorie 8-6, 1-chome, Japan	Freehold	2,788.60

As at 30 September 2022, the carrying amount of the investment properties of $16,910,000 (equivalent to JPY1,706,883,000) (2021: $21,382,000 equivalent to JPY1,756,930,000) has been pledged for the term loan facility as set out in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

13. INVESTMENT PROPERTIES (CONTINUED)

The fair value of the Group's investment properties were valued at $19,279,000 as at 30 September 2022 (2021: $24,508,000) by an independent professional valuation firm having appropriately recognised professional qualifications and recent experience in the location and category of the investment properties held by the Group.

The valuation was determined by applying the income approach. The independent valuers have considered valuation techniques including the discounted cash flow method and direct capitalisation method in arriving at the open market value as at the reporting date. The discounted cash flow method involves the estimation and projection of rental income over a period of 10 years based on the typical holding period of real estate investors and discounting the rental income with an internal rate of return to arrive at the market value. The direct capitalisation method capitalises a single-year net cash flow into a present value using the capitalisation rate. The valuation conforms to International Valuation Standards and is based on the asset's highest and best use, which is in line with their actual use. The resulting fair values of freehold land and commercial building are considered level 3 fair value measurements.

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 **$'000**	**2021** **$'000**
Unquoted equity share, at cost	**28,817**	28,817
Amount due from subsidiaries		
– Interest bearing	**3,735**	3,636
– Interest free	**989**	972
Allowance for impairment loss	**(9,738)**	(4,244)
	23,803	29,181

Movements in the allowance for impairment loss are as follows:

	Company	
	2022 **$'000**	**2021** **$'000**
At beginning of financial year	**4,244**	1,006
Impairment loss	**5,494**	4,244
Reversal of impairment loss	**–**	(1,006)
At end of the year	**9,738**	4,244

The amounts due from subsidiaries form part of the Company's net investment in subsidiaries. These loans are unsecured, has no fixed repayment terms and is repayable only when the cashflows of the subsidiary permit.

The non-trade amounts due from subsidiaries are interest free except for an amount of $3,735,000 (2021: $3,636,000) which bears effective interest rate of 3.5% (2021: 3.5%) are denominated in Singapore dollar.

During the year, the Company carried out a review of the recoverable amount of its investments in subsidiaries. The review led to the recognition of an impairment loss of $5,494,000 (2021: $4,244,000) that has been recognised in profit or loss, representing the write down of the investments in subsidiaries to their recoverable amount based on the subsidiaries' fair value less cost of disposal, which the management is of the opinion that it approximates to the net tangible assets of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership Interest held by the Group		Proportion of ownership interest held by the non-controlling interests	
		2022 %	**2021 %**	**2022 %**	**2021 %**
Held by the Company					
Keong Hong Construction Pte Ltd(1) ("KHC") (Singapore)	General and building contractors	**100**	100	**–**	–
KH Capital Pte Ltd(1) (Singapore)	Investment holdings and trading of building construction materials	**100**	100	**–**	–
K.H. Land Pte Ltd(1) ("KHL") (Singapore)	Investment holding, real estate development and building construction	**100**	100	**–**	–
Grandwood Holdings Pte Ltd(1) (Singapore)	Investment holding	**100**	100	**–**	–
Hansin Timber Specialist and Trading Pte. Ltd.(1) (Singapore)	Timber and wooden flooring in residential apartment and commercial properties under construction	**60**	60	**40**	40
Held by K.H. Land Pte Ltd					
KHA Resorts & Hotels Construction Pvt Ltd(2) (Cayman Islands)	Hotel building contractors	**100**	100	**–**	–
KHA Resorts & Hotels Construction (Maldives) Pvt Ltd(2)(3) ("KHAM") (Republic of Maldives)	Hotel building contractors	**100**	100	**–**	–
Held by Grandwood Holdings Pte. Ltd.					
Grandwood (Japan) Pte Ltd(1) (Singapore)	Investment holding	**100**	100	**–**	–

(1) Audited by Mazars LLP, Singapore
(2) Audited by Ernst & Young, Maldives
(3) Proportion of ownership interest of 5% (2021: 5%) held by KHC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interests

Summarised financial information in relation to the subsidiary that have non-controlling interests ("NCI") that are material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	HTST	
	2022 **$'000**	**2021** **$'000**
Revenue	**8,569**	2,764
Loss before tax	**(1,725)**	(6,176)
Income tax	**–**	(524)
Loss after tax	**(1,725)**	(6,700)
Loss allocated to NCI	**(690)**	(2,680)
Other comprehensive loss allocated to NCI	**–**	–
Total comprehensive loss allocated to NCI	**(690)**	(2,680)
Cash flows used in operating activities	**(1,504)**	(3,318)
Cash flows generated from/(used in) investing activities	**1,856**	(11)
Cash flows (used in)/generated from financing activities	**(661)**	1,462
Net cash outflow	**(309)**	(1,867)

	HTST	
	2022 **$'000**	**2021** **$'000**
Assets		
Current assets	**6,943**	8,523
Non-current assets	**687**	582
Liabilities		
Current liabilities	**(11,240)**	(11,090)
Non-current liabilities	**(280)**	(180)
Net liabilities	**(3,890)**	(2,165)
Accumulated non-controlling interests	**(1,556)**	(866)
Less: fair value adjustments*	**(199)**	(199)
Adjusted accumulated non-controlling interests	**(1,755)**	(1,065)

* The fair value adjustments is related to amortisation of fair value adjustments in relation to acquisition of Hansin Timber Specialist and Trading Pte. Ltd. during financial year ended 30 September 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

15. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Unquoted equity shares, at cost	**13,656**	13,656	**7,123**	7,123
Share of reserves of associates, net of dividend received and tax	**(49,684)**	(44,155)	**–**	–
Amounts due from associates				
– interest bearing	**90,725**	86,608	**–**	–
– interest free	**1,199**	1,199	**–**	–
	91,924	87,807	**–**	–
Less: allowance for impairment loss	**(18,753)**	(18,753)	**–**	–
Less: elimination of unrealised profit	**(8,104)**	(8,306)	**–**	–
Currency realignment	**(1,421)**	806	**–**	–
Carrying amount	**27,618**	31,055	**7,123**	7,123

Movements in the loss allowance of amounts due from associates are as follows:

	Group		Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Balance at beginning of financial year	**–**	2,990	**–**	–
Reversal of loss allowance during the financial year	**–**	(2,990)	**–**	–
Balance at end of financial year	**–**	–	**–**	–

The amounts due from associates form part of the Group's net investment in associates. These loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

Pursuant to agreement dated 15 July 2020, the Group and the Company increased the investment in an associate by $1,513,000 by capitalising the non-trade amount due from the associate as additional ordinary shares. The Group and the Company have increased their shareholdings in associate from 30.6% to 31.1% following the capitalisation of the non-trade amount due from the associate.

The non-trade amounts due from associates are unsecured and non-interest bearing except for an amount of $90,725,000 (2021: $86,608,000) which bears effective interest rate of 6% (2021: 6%) per annum.

The amounts due from associates are denominated in United States dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

15. INVESTMENTS IN ASSOCIATES (CONTINUED)

Movements in the allowance for impairment loss are as follows:

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Balance at beginning of financial year	**18,753**	18,753	**–**	–
Impairment loss	**–**	–	**–**	–
Balance at end of financial year	**18,753**	18,753	**–**	–

The financial performance of Pristine Islands Investment Pte. Ltd. and its subsidiary ("PIIPL Group") has yet to reach the performance level expected by the Group. The resort needs time to stabilise and ramp up the business activity which has been significantly affected by the Covid-19 pandemic since 2020. The Group thus carried out a review on the recoverable amount its investments in PIIPL Group as at 30 September 2022 and 30 September 2021. There is no impairment loss recognised for the financial year ended 30 September 2022 and 30 September 2021. The recoverable amount of the investment amounted to $21,342,000 (2021: $23,937,000) has been determined based on value in use.

Key assumptions used for value-in-use calculations for investments in PIIPL Group are as follows:

	2022 %	2021 %
Average revenue growth rate	**9.0**	12.0
Terminal growth rate	**2.0**	2.0
Discount rate (Pre-tax)	**14.5**	14.9

Sensitivity analysis

The following changes in assumptions, while holding all other assumptions constant, would have resulted in a significant increase in the impairment loss as follows:

	Impairment higher by $
Decrease in the terminal growth rate by 1%	7,766,000
Increase in the discount rate by 1%	5,123,000
Decrease of 2% in the revenue growth rate	10,795,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

15. INVESTMENTS IN ASSOCIATES (CONTINUED)

Name of company (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held by the Group	
		2022 %	2021 %
Held by the Company			
Nuform System Asia Pte. Ltd. ("NSAPL")[4] (Singapore)	Trading and renting of construction and civil engineering machinery and equipment	**31.1**	31.1
Held by Nuform System Asia Pte. Ltd.			
Nuformsystem (M) Sdn. Bhd.[4][5] (Malaysia)	Trading and renting of formwork equipment	**31.1**	31.1
Held by Keong Hong Construction Pte Ltd			
Punggol Residences Pte. Ltd. ("PRPL")[3] (Singapore)	Property development	**20**	20
Pristine Islands Investment Pte. Ltd. ("PIIPL")[1] (Singapore)	Investment holdings	**49**	49
Held by KH Capital Pte. Ltd.			
Sembawang Residences Pte. Ltd. ("SRPL")[3] (Singapore)	Property development	**20**	20
Held by Pristine Islands Investment Pte. Ltd.			
Pristine Islands Investment (Maldives) Pvt Ltd ("PIIMPL")[2][4][6] (Republic of Maldives)	Own, operate and management of airport, hotel and resort	**49**	49

(1) Audited by Mazars LLP, Singapore
(2) Proportion of ownership interest of 0.1% (2021: 0.1%) held by KHC
(3) Equity accounted based on the management financial statements
(4) Equity accounted based on the management financial statements aligned to the Group's financial year
(5) Audited by Mazars PLT, Malaysia
(6) Audited by Ernst & Young, Maldives

The financial year-end of PRPL, SRPL and PIIPL Group are 30 September. The financial year-end of NSAPL Group is 31 December.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

15. INVESTMENTS IN ASSOCIATES (CONTINUED)

Set out below are the summarised financial information of the Group's significant associates.

Summarised statements of financial position

	PIIPL Group $'000	SRPL $'000	NSAPL Group $'000	Total $'000
30 September 2022				
Current assets	**21,050**	**4,862**	**9,508**	**35,420**
Non-current assets	**174,400**	**–**	**28,664**	**203,064**
Current liabilities	**(64,748)**	**(3,402)**	**(15,143)**	**(83,293)**
Non-current liabilities	**(219,543)**	**–**	**(5,404)**	**(224,947)**
30 September 2021				
Current assets	21,003	5,089	11,627	37,719
Non-current assets	173,610	–	36,791	210,401
Current liabilities	(59,698)	(3,603)	(20,100)	(83,401)
Non-current liabilities	(209,971)	–	(7,120)	(217,091)

Summarised statements of comprehensive income

	PIIPL Group $'000	SRPL $'000	NSAPL Group $'000	Total $'000
30 September 2022				
Revenue	**50,730**	**–**	**14,168**	**64,898**
Loss before tax	**(9,975)**	**(26)**	**(4,017)**	**(14,018)**
Income tax	**742**	**–**	**(80)**	**662**
Loss after tax, representing total comprehensive loss	**(9,233)**	**(26)**	**(4,097)**	**(13,356)**
30 September 2021				
Revenue	31,586	–	11,661	43,247
Loss before tax	(9,838)	(33)	(1,695)	(11,566)
Income tax	–	–	(33)	(33)
Loss after tax, representing total comprehensive loss	(9,838)	(33)	(1,728)	(11,599)

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

15. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises, in aggregate, the Group's share of profit and other comprehensive income of the Group's individually immaterial associates accounted for using the equity method.

	2022 $'000	2021 $'000
The Group's share of profit before income tax	283	(5)
The Group's share of profit after income tax	283	(5)
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive income	283	(5)
Aggregate carrying amount of the Group's interest in these associates	537	254

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in significant associates for the financial year ended 30 September 2022 and 30 September 2021, are as follows:

	PIIPL Group $'000	SRPL $'000	NSAPL Group $'000	Total $'000
30 September 2022				
Proportion of Group ownership	49%	20%	31.1%	
Net (liabilities)/assets of the associates	(88,841)	1,460	17,625	(69,756)
Interest in associates	(43,532)	292	5,254	(37,986)
Carrying value of Group's interest in associates	(43,532)	292	5,254	(37,986)
Amount due from associates	91,924	–	–	91,924
Less: allowance for impairment loss	(18,753)	–	–	(18,753)
Less: elimination of unrealised profit	(8,104)	–	–	(8,104)
Total carrying value of significant associates	21,535	292	5,254	27,081
Add:				
Carrying amount of individually immaterial associate, in aggregate				537
Carrying amount of Group's interest in associates				27,618

	PIIPL Group $'000	SRPL $'000	NSAPL Group $'000	Total $'000
30 September 2021				
Proportion of Group ownership	49%	20%	31.1%	
Net (liabilities)/assets of the associates	(75,056)	1,486	21,198	(52,372)
Interest in associates	(36,777)	297	6,533	(29,947)
Carrying value of Group's interest in associates	(36,777)	297	6,533	(29,947)
Amount due from associates	87,807	–	–	87,807
Less: allowance for impairment loss	(18,753)	–	–	(18,753)
Less: elimination of unrealised profit	(8,306)	–	–	(8,306)
Total carrying value of significant associates	23,971	297	6,533	30,801
Add:				
Carrying amount of individually immaterial associate, in aggregate				254
Carrying amount of Group's interest in associates				31,055

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

16. INVESTMENTS IN JOINT VENTURES

	Group	
	2022 $'000	2021 $'000
Unquoted equity investment, at cost	2,626	3,520
Amount due from joint venture – interest free	714	714
Share of reserves of joint ventures, net of dividend received and tax	4,484	36,714
Less: allowance for impairment loss	(824)	(824)
Less: elimination of unrealised profit	(263)	(7,824)
Currency realignment	(20)	(25)
	6,717	32,275

The amount due from joint ventures form part of the Group's net investment in joint ventures. The loan is unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

The amount due from joint ventures is denominated in Singapore dollar.

Movements in the allowance for impairment loss are as follows:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Balance at beginning of financial year	824	138	–	–
Impairment loss	–	686	–	–
Balance at end of financial year	824	824	–	–

K&H Innovative Systems Pte. Ltd. ("K&H") is an investment holding company where its underlying investments are still in the early operational stage. The Group thus carried out a review on the recoverable amount its investment in K&H as at 30 September 2022 and 30 September 2021. The assessment resulted in the recognition of an impairment loss of $NIL (2021: $686,000). The recoverable amount of the investment amounted to $NIL (2021: $NIL) has been determined based on fair value less cost of disposal (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

16. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The details of the joint ventures are as follows:

Name of company (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held by the Group 2022 %	2021 %
Held by Keong Hong Construction Pte Ltd			
K&H Innovative Systems Pte. Ltd. ("K&H")[1] (Singapore)	Manufacturing of prefabricated bathroom unit	**50**	50
Hyundai-Keong Hong JV Limited Partnership ("Hyundai-KH")[3] (Singapore)	Development of a sport & recreation centre	**30**	30
Held by K&H Innovative Systems Pte. Ltd.			
KHL Capital Holdings Pte. Ltd. ("KHLPL")[1] (Singapore)	Investment holding company and production of pre-cast concrete components	**60**	60
Held by KHL Capital Holdings Pte. Ltd.			
KHL Capital Holdings Sdn. Bhd. ("KHLSB")[4][7] (Malaysia)	Manufacturing, export and import of precast concrete, cement or artificial stone activities used in construction	**60**	60
Held by K.H. Land Pte Ltd			
Keong Hong-MK Development Co., Ltd ("KH-MK")[2] (Vietnam)	Development of real estate	**49**	49
Held by KH Capital Pte. Ltd.			
East Vue Pte. Ltd. ("EVPL")[5] (Singapore)	Property developer of a parcel of land at Siglap Road	**20**	20
FSKH Development Pte. Ltd. ("FSKH")[6] (Singapore)	Property developer of a parcel of land at Siglap Road	**35**	35

(1) Audited by Mazars LLP, Singapore
(2) Equity accounted based on the management financial statements
(3) Equity accounted based on the management financial statements aligned to the Group's financial year
(4) Audited by Mazars PLT, Malaysia
(5) Audited by KPMG, Singapore
(6) Audited by Ernst & Young, Singapore
(7) Insignificant subsidiary of KHLPL

The principal activities of those joint ventures are in line with the Group's strategy to expand the property development business. The Group has recognised losses relating to Hyundai-KH where its share of losses exceeds the Group's carrying amount of its investments in this joint venture by $6,723,000 (2021: $4,271,000). The Group has contractual obligation in respect of those additional losses (Note 32).

The financial year end of K&H, KH-MK and EVPL are 30 September.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

16. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Incorporation of equity interest in joint ventures

KHL Capital Holdings Pte. Ltd.

In the prior financial year, the Group's joint venture, K&H Innovative Systems Pte. Ltd. subscribed for 3 ordinary shares of KHL Capital Holdings Pte. Ltd., representing 60% of the issued share capital at KHL Capital Holdings Pte. Ltd. at a cash consideration of $3.

Set out below are the summarised financial information of the Group's significant joint ventures.

Summarised statements of financial position

	FSKH $'000	EVPL $'000	Total $'000
30 September 2022			
Current assets	**190,323**	**57,580**	**247,903**
Current liabilities	**(75,219)**	**(50,124)**	**(125,343)**
Non-current liabilities	**(101,039)**	**–**	**(101,039)**
30 September 2021			
Current assets	253,535	257,053	508,722
Current liabilities	(16,212)	(61,739)	(76,085)
Non-current liabilities	(235,900)	–	(235,900)

The above amounts of assets and liabilities include the following:

	FSKH $'000	EVPL $'000
30 September 2022		
Cash and cash equivalents	**30,687**	**56,667**
Current liabilities (excluding trade and other payables and provisions)	**(791)**	**–**
Non-current liabilities (excluding trade and other payables and provisions)	**(101,039)**	**–**
30 September 2021		
Cash and cash equivalents	35,245	61,671
Current liabilities (excluding trade and other payables and provisions)	(617)	–
Non-current liabilities (excluding trade and other payables and provisions)	(235,900)	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

16. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised statements of comprehensive income

	FSKH $'000	EVPL $'000
30 September 2022		
Revenue	**193,567**	**(996)**
Income tax expenses	**(2,245)**	**48**
Interest expenses	**(3,636)**	**–**
Profit after tax	**12,642**	**142**
Total comprehensive income	**12,642**	**142**
30 September 2021		
Revenue	146,856	107,179
Income tax expenses	–	4,338
Profit after tax	8,543	10,339
Total comprehensive income	8,543	10,339

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture. Dividend received from EVPL amounted to $37,600,000 (2021: $656,000).

Aggregate information of joint ventures that are not individually material

The following table summarises, in aggregate, the Group's share of (loss)/profit and other comprehensive income of the Group's individually immaterial joint ventures accounted for using the equity method.

	2022 $'000	2021 $'000
The Group's share of loss before tax	**(2,447)**	(4,280)
The Group's share of loss after tax	**(2,447)**	(4,280)
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive loss	**(2,447)**	(4,280)
Aggregate carrying amount of the Group's interest in these joint ventures	**566**	538

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

16. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in significant joint ventures for the financial year ended 30 September 2022 and 2021, are as follows:

	FSKH $'000	EVPL $'000	Total $'000
30 September 2022			
Proportion of Group ownership	**35%**	**20%**	
Net assets of the joint venture	**14,065**	**7,456**	**21,521**
Interest in joint venture	**4,923**	**1,491**	**6,414**
Less: elimination of unrealised profit	**12**	**(275)**	**(263)**
Total carrying value of significant joint ventures	**4,935**	**1,216**	**6,151**
Add: Carrying value of individually immaterial joint ventures, in aggregate			**566**
Carrying value of Group's interest in joint ventures			**6,717**
30 September 2021			
Proportion of Group ownership	35%	20%	
Net assets of the joint venture	1,423	195,314	196,737
Interest in joint venture	498	39,063	39,561
Less: elimination of unrealised profit	(93)	(7,731)	(7,824)
Total carrying value of significant joint ventures	405	31,332	31,737
Add: Carrying value of individually immaterial joint ventures, in aggregate			538
Carrying value of Group's interest in joint ventures			32,275

17. INTANGIBLE ASSETS

	Computer software $'000	Contractual customers relationship $'000	Goodwill $'000	Total $'000
Group				
Cost				
Balance at 1 October 2021	235	309	1,611	2,155
Additions	267	–	–	267
Balance at 30 September 2022	**502**	**309**	**1,611**	**2,422**
Accumulated amortisation				
Balance at 1 October 2021	138	–	–	138
Amortisation for the financial year	111	–	–	111
Balance at 30 September 2022	**249**	**–**	**–**	**249**
Impairment				
Balance at 1 October 2021 and 30 September 2022	**88**	**309**	**1,611**	**2,008**
Net carrying amount				
Balance at 30 September 2022	**165**	**–**	**–**	**165**
Remaining useful life	1 – 2 years	–	N.A.	N.A.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

17. INTANGIBLE ASSETS (CONTINUED)

	Computer software $'000	Transferable club membership $'000	Contractual customers relationship $'000	Goodwill $'000	Total $'000
Group					
Cost					
Balance at 1 October 2020	235	222	309	1,611	2,377
Disposal	–	(222)	–	–	(222)
Balance at 30 September 2021	235	–	309	1,611	2,155
Accumulated amortisation					
Balance at 1 October 2020	127	–	–	–	127
Amortisation for the financial year	11	–	–	–	11
Balance at 30 September 2021	138	–	–	–	138
Impairment					
Balance at 1 October 2020	88	31	309	1,611	2,039
Disposal	–	(31)	–	–	(31)
Balance at 30 September 2021	88	–	309	1,611	2,008
Net carrying amount					
Balance at 30 September 2021	9	–	–	–	9
Remaining useful life	1 – 2 years	–	–	N.A.	N.A.

Intangible assets with indefinite useful life is tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The useful life of the transferable club membership is indefinite as the club membership has no expiry date. The transferable club membership had been disposed in year 2021.

The amortisation expense is included in the "Administrative expenses" line item in profit or loss.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Quoted equity shares(1)	**2,415**	2,145	**2,415**	2,145
Unquoted equity shares(2)	**28,727**	28,727	**–**	–
	31,142	30,872	**2,415**	2,145

Movements in financial assets at FVOCI were as follows:

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Balance at beginning of financial year	**30,872**	42,171	**2,145**	2,895
Fair value changes recognised in other comprehensive income (Note 28)	**270**	(11,149)	**270**	(750)
Divestment	**–**	(150)	**–**	
Balance at end of financial year	**31,142**	30,872	**2,415**	2,145

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI") (CONTINUED)

The Group intends to hold these investments for long-term for appreciation in value as well as strategic investments purposes.

(1) The equity shares are listed on the Catalist board of the Singapore Exchange Securities Trading Limited. The fair value of the investments in quoted equity shares were based on the quoted closing market prices on the last market day of the financial year. The investments classified as a Level 1 fair value hierarchy.

(2) These are equity share investments in MKH (Punggol) Pte Ltd and Katong Holdings Pte Ltd. The fair value of the Group's investments in unquoted equity shares were valued by an independent valuer. The investments are classified as Level 3 fair value hierarchy.

The financial assets at FVOCI is denominated in Singapore dollar.

Divestment of interest in a financial assets

MKH (Punggol) Pte Ltd

On 19 January 2021, the Group divested its 15% equity interest in MKH (Punggol) Pte. Ltd. with a cash consideration of $150,000 with a loss of fair value of $55,000 recognised in other comprehensive income. The cumulative fair value loss associated with this investment was transferred within equity.

On 31 January 2022, the Group received a cash consideration of $47,000 with a gain of fair value recognised in other comprehensive income. The fair value gain was transferred within equity.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group	
	2022 $'000	**2021 $'000**
Balance at beginning of financial year	**19,806**	23,392
Fair value changes (Note 8)	**–**	(3,586)
Balance at end of financial year	**19,806**	19,806

The fair value of loans to third party is determined based on discounted cash flow method, taking into consideration the discount rate and estimated duration required for the investee to repay. It is classified under Level 3 of fair value hierarchy.

The financial assets at FVTPL is denominated in Singapore dollar.

20. INVENTORIES

	Group	
	2022 $'000	**2021 $'000**
Consumable materials		
– timber and plywood	**671**	836

The cost of inventories recognised as an expense and included in "cost of sales" line item in profit or loss amounted to approximately $3,992,000 (2021: $3,269,000).

The Group carried out a review of the realisable value of its inventories and the review led to an allowance for inventories obsolescence of approximately $76,000 (2021: $329,000) recognised in profit or loss. The allowance for inventory obsolescence is included in "cost of sales" line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

21. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2022 **$'000**	**2021** **$'000**
Contract assets	**38,514**	35,443
Contract liabilities	**70**	129

During the financial year, the Group has recognised a loss allowance on contract assets arising from contracts with customers amounting to $2,587,000 (2021: $703,000) (Note 39).

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for building construction contracts. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for building construction contracts. Contract liabilities are recognised as revenue as the Group fulfills its performance obligations under the contract.

a) Significant changes in contract assets are explained as follows:

	Group	
	2022 **$'000**	**2021** **$'000**
Contract assets reclassified to receivables	**(37,309)**	(17,943)
Changes in measurement of progress	**42,967**	38,761

b) Remaining performance obligations

The aggregate amount of transaction price allocated to the unsatisfied (or partially satisfied) performance obligations as at 30 September 2022 is $432,312,000 (2021: $507,126,000). This amount has not included the following:

- Performance obligation for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:
  - The performance obligation is part of a contract that has an original expected duration for one year or less, or
  - The Group recognises revenue to which the Group has a right to invoice customers in amounts that correspond directly with the value to the customer of the Group's performance completed to date.
- Variable consideration that is constrained and therefore is not included in the transaction price.

The amount of Group's revenue that will be recognised in future periods on these contracts when those remaining performance obligations will be satisfied is analysed as follows:

	2023 **$'000**	**2024** **$'000**	**2025** **$'000**	**Total** **$'000**
As at 30 September 2022				
Construction contracts	**323,390**	**87,484**	**21,438**	**432,312**

	2022 **$'000**	**2023** **$'000**	**2024** **$'000**	**Total** **$'000**
As at 30 September 2021				
Construction contracts	181,707	270,777	54,642	507,126

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Non-current assets				
Non-trade receivables				
– joint ventures	**–**	36,815	**–**	–
Current assets				
Trade receivables				
– third parties	**18,502**	4,768	**–**	–
– associates	**4,507**	4,273	**–**	–
– joint ventures	**1,494**	2,288	**–**	–
Loss allowance on trade receivables from third parties	**(440)**	(1,057)	**–**	–
	24,063	10,272	**–**	–
Retention sum				
– third parties	**2,750**	2,483	**–**	–
– associates	**3,247**	3,079	**–**	–
– joint ventures	**5,376**	5,376	**–**	–
Loss allowance on retention sum				
– third parties	**(862)**	(899)	**–**	–
– associates	**(3,247)**	–	**–**	–
– joint ventures	**(403)**	(259)	**–**	–
Security deposits	**1,082**	993	**–**	–
Non-trade receivables				
– third parties	**1,582**	2,229	**–**	–
– subsidiaries	**–**	–	**22,072**	24,491
– joint ventures	**38,447**	1,921	**–**	–
– associates	**24,498**	21,376	**1,916**	2,496
Loss allowance on non-trade receivables				
– third parties	**(1,447)**	(1,447)	**–**	–
– subsidiaries	**–**	–	**(3,579)**	(3,579)
– associates	**(1,821)**	(1,665)	**(958)**	(1,248)
– joint venture	**(1,254)**	(1,254)	**–**	–
Goods and services tax receivable	**285**	194	**–**	–
Advance payments	**918**	345	**–**	–
Government grant receivables	**–**	12	**–**	–
	93,214	42,756	**19,451**	22,160
Total	**93,214**	79,571	**19,451**	22,160

Trade receivables from third parties, associates and joint ventures are unsecured, non-interest bearing and generally on 30 to 60 days (2021: 30 to 60 days) credit terms.

Non-trade receivables from third parties are unsecured, non-interest bearing and generally on 30 to 60 days (2021: 30 to 60 days) credit terms.

Non-trade amounts due from subsidiaries are unsecured and bear an effective interest rate of 3.5% (2021: ranging from 2.75% to 3.88%) per annum.

Non-trade amounts due from joint ventures are unsecured, repayable on demand and non-interest bearing except an amount of $35,346,000 (2021: $36,815,000) which bears interest rate of 2% (2021: 2%) per annum, has no fixed repayment terms and is repayable only when the cashflows of the joint ventures permit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Non-trade amounts due from associates are unsecured, non-interest bearing and repayable on demand except for an amount of $1,916,000 (2021: $2,333,000) which bears interest rate of 6% (2021: 6%) per annum.

Advance payments are related to advance payment to subcontractors announced by Building and Construction Authority to provide one-off advance payment on ex-gratia basis for the public sector construction contracts affected by the extended circuit breaker period.

The government grant receivables and deferred government grant income are related to Jobs Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers to help them retain their local employees during this period of economic uncertainty. In determining the timing of recognition of the JSS grant income, the management assessed that the Group is impacted from April 2020 onwards following the circuit-breaker measure, and hence JSS grant income is recognised in the consolidated statement of comprehensive income from the month of April 2020 onwards.

Movements in the loss allowance for trade receivables are as follows:

	Group	
	2022 $'000	**2021 $'000**
Balance at beginning of financial year	**1,057**	690
Loss allowance made during the financial year		
- (Reversal)/credit impaired	**(709)**	83
- non-credit impaired	**75**	289
Currency realignment	**17**	(5)
Balance at end of financial year	**440**	1,057

At 30 September 2022, retention sum held by customers for contract work amounted to $11,373,000 (2021: $10,938,000). Retention sum is due for settlement after more than 12 months. They have been classified as current asset because they are expected to be realised in the normal operating cycle of the Group.

Movements in the loss allowance for retention sum are as follows:

	Group	
	2022 $'000	**2021 $'000**
Balance at beginning of financial year	**1,158**	769
Loss allowance recognised in the financial year		
– credit impaired	**3,241**	269
– non-credit impaired	**(37)**	108
Currency realignment	**150**	12
Balance at end of financial year	**4,512**	1,158

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in the loss allowance for non-trade receivables due from a third party is as follows:

	Group	
	2022 $'000	2021 $'000
Balance at beginning and end of financial year	1,447	1,447

Individual analysis of impaired non-trade receivables:

	Group	
	2022 $'000	2021 $'000
Amount past due of more than 6 months and no response to repayment demands	1,447	1,447

Movements in the loss allowance for non-trade receivables due from subsidiaries is as follows:

	Company	
	2022 $'000	2021 $'000
Balance at beginning of financial	3,579	138
Loss allowance recognised in the financial year		
– Credit impaired	–	3,579
Reversal of loss allowance made in prior year	–	(138)
Balance at end of financial year	3,579	3,579

Movements in the loss allowance for non-trade receivables due from associates are as follows:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Balance at beginning of financial year	1,665	3,458	1,248	3,014
Loss allowance recognised in the financial year				
– non-credit impaired	425	–	–	–
Reversal of loss allowance made in prior year				
– non-credit impaired	(290)	(1,793)	(290)	(1,766)
Currency realignment	21	–	–	–
Balance at end of financial year	1,821	1,665	958	1,248

In 2022, there is a reversal of loss allowance of $290,000 (2021: ($1,793,000)) was recognised in profit of loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

22. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in the loss allowance for non-trade receivables due from join ventures are as follows:

	Group		Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Balance at beginning of financial year	**1,254**	–	**–**	–
Loss allowance recognised in the financial year				
– Credit impaired	**–**	1,254	**–**	–
Balance at end of financial year	**1,254**	1,254	**–**	–

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Singapore dollar	**67,006**	53,338	**19,451**	22,160
United States dollar	**26,154**	26,186	**–**	–
Japanese yen	**13**	6	**–**	–
Maldives rufiyaa	**41**	41	**–**	–
	93,214	79,571	**19,451**	22,160

23. NON-CURRENT ASSETS HELD FOR SALES

On 21 July 2021, the Group approved the sale of the 2 leasehold properties, 48 Toh Guan Road East #03-107 and #03-143. The sales of leasehold properties are expected to be completed within a year from the reporting date. As at 30 September 2021, the leasehold properties are classified as current assets held for sale and no longer presented in the Property, Plant and Equipment note. On 19 January 2022, the leasehold property at 48 Toh Guan Road East #03-107 was sold at $960,000 and on 16 February 2022, the leasehold property at 48 Toh Guan Road East #03-143 was sold at $940,000.

Details of assets in current assets held for sale are as follows:

	2022 $'000	**2021 $'000**
Leasehold properties		
Cost	–	2,525
Accumulated depreciation	–	(316)
Impairment loss	–	(329)
	–	1,880

In accordance with SFRS(I) 5, the current assets classified as held for sale were written down to their fair value less costs to sell of $1,880,000. This is a non-recurring fair value measurement, which was derived using observable inputs, being option to purchase price of one of the two leasehold properties, and is therefore within level 3 of the fair value hierarchy. The fair value was calculated based on the ratio of transaction price to square feet for the other leasehold property.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

24. CASH AND BANK BALANCES

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Fixed deposits	**4,820**	2,172	**3,215**	623
Cash at bank balances	**18,987**	20,874	**2,598**	2,252
	23,807	23,046	**5,813**	2,875
Fixed deposits pledged	**(537)**	(535)	**–**	–
Bank overdraft (Note 29)	**(668)**	(698)	**–**	–
Cash and cash equivalents per consolidated statement of cash flows	**22,602**	21,813	**5,813**	2,875

Fixed deposits will mature within 1 to 12 months (2021: 1 to 12 months) from the financial year-end and the effective interest rate on the fixed deposits ranges from between 0.1% to 2.4% (2021: 0.15% to 1.75%) per annum.

For the purpose of presenting consolidated statement of cash flows, cash and cash equivalents include short-term deposits with an average maturity of more than 3 months, as there is no significant loss or penalty in converting these deposits into liquid cash before maturity.

Cash and bank balances on statements of financial position are denominated in the following currencies:

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Ringgit Malaysia	**753**	780	**–**	–
Singapore dollar	**17,693**	13,332	**5,736**	2,873
United States dollar	**3,684**	5,108	**77**	2
Maldives rufiyaa	**532**	452	**–**	–
Japanese yen	**1,145**	3,374	**–**	–
	23,807	23,046	**5,813**	2,875

25. SHARE CAPITAL

	Group and Company			
	2022		2021	
	No. of shares '000	**$'000**	No. of shares '000	$'000
Issued and fully paid, with no par value				
At beginning and end of financial year	**242,565**	**25,048**	242,565	25,048

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

26. TREASURY SHARES

	Group and Company			
	2022		2021	
	No. of shares '000	$'000	No. of shares '000	$'000
At beginning and end of financial year	7,555	3,303	7,555	3,303

The treasury shares have been used and released for share awards vested under the Keong Hong Group 2011 Employee Share Option Scheme. The difference between the average price paid to acquire treasury shares and the share grant price has been presented within the statements of changes in equity.

27. SHARE OPTION RESERVE

Equity-settled share option scheme

The Keong Hong Holdings Limited Employee Share Option Scheme (the "Scheme") was approved in November 2011. This Scheme is designed to reward and retain the eligible participants whose services are vital to the success of the Group. Under the rules of the Scheme, Executive Directors and Non-Executive Directors and employees of the Group, who are not controlling shareholders are eligible to participate in the Scheme.

Pursuant to the Scheme,

a) On 1 October 2013, the Company granted 4,000,000 share options ("2014 Options") to subscribe for 4,000,000 ordinary shares in the Company at an exercise price of $0.47, which is at 19.7% discount to the market price. The market price is the average of the last dealt prices for the ordinary shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five consecutive trading days immediately preceding the date of grant. The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 8 years, from 1 October 2015 and expire on 30 September 2023. The Options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The Group has no legal or constructive obligation to repurchase or settle the Options in cash.

b) Following a bonus issue to the Company's ordinary shareholders on 20 June 2014 ("2014 Options"), the Company granted additional share options to the holders of the 2014 Options. The additional share options were granted based on one additional bonus share option for every two existing issued share options. The exercise price for the bonus share options and existing share options were also revised from $0.47 to $0.31. The vesting conditions remains unchanged.

c) On 1 December 2014, the Company had granted 825,000 share options ("2015 Options") to subscribe for 825,000 ordinary shares in the Company at an exercise price of $0.32. The vesting of the Options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 8 years, from 1 December 2016 and expire on 30 November 2024.

d) On 8 January 2016, the Company had granted 4,175,000 share options ("2016 Options") to subscribe for 4,175,000 ordinary shares in the Company at an exercise price of $0.40. The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 8 years, from 8 January 2018 and expire on 7 January 2026.

e) On 3 April 2017, the Company had granted 700,000 share options ("2017 Options") to subscribe for 700,000 ordinary shares in the Company at an exercise price of $0.355. The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 8 years, from 3 April 2019 and expire on 2 April 2027.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

27. SHARE OPTION RESERVE (CONTINUED)

Equity-settled share option scheme (Continued)

Pursuant to the Scheme, (Continued)

f) On 2 April 2018, the Company had granted 2,950,000 share options ("2018 Options") to subscribe for 2,950,000 ordinary shares in the Company at an exercise price of $0.46. The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 8 years, from 2 April 2020 and expire on 1 April 2028.

g) On 16 April 2019, the Company had granted 650,000 share options ("2019 Options") to subscribe for 650,000 ordinary shares in the Company at an exercise price of $0.40. The vesting of the options is conditional on the eligible participants completing another two years of service to the Group. Once they have vested, the Options are exercisable over a period of 8 years, from 16 April 2021 and expire on 15 April 2029.

Movements in the number of unissued ordinary shares under option and their exercise prices are as follows:

Date of grant	Balance at beginning of financial year	Granted during the financial year	Exercised during the financial year	Forfeited during the financial year	Balance at end of financial year	Exercise price $	Exercisable period
1/10/2013	650,000	–	–	–	650,000	0.310	1.10.2015 to 30.9.2023
20/6/2014	630,000	–	–	–	630,000	0.310	1.10.2015 to 30.9.2023
1/12/2014	200,000	–	–	–	200,000	0.315	1.12.2016 to 30.11.2024
8/1/2016	1,650,000	–	–	–	1,650,000	0.400	8.1.2018 to 7.1.2026
3/4/2017	300,000	–	–	–	300,000	0.355	3.4.2019 to 2.4.2027
2/4/2018	2,525,000	–	–	–	2,525,000	0.460	2.4.2020 to 1.4.2028
16/4/2019	500,000	–	–	–	500,000	0.400	16.4.2021 to 15.4.2029
Total	6,455,000	–	–	–	6,455,000		

During the financial year, no (2021: no) options were exercised for the equity-settled share option scheme. The options outstanding at end of the reporting period have remaining contractual life of 1 to 6.5 years (2021: 2 to 7.5 years).

Out of the total equity-settled share option schemes of 6,455,000 (2021: 6,455,000) options, 6,455,000 (2021: 6,455,000) options are exercisable as at 30 September 2022.

The Group recognised share based payment expenses and a corresponding share option reserve of $NIL (2021: $11,000) for the financial year ended 30 September 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

28. OTHER RESERVES

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is non-distributable. Movements in this reserve are set out in the consolidated statement of changes in equity.

Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of subsidiaries acquired under common control.

Fair value reserve

Fair value reserve represent the cumulative fair value changes, net of tax, of financial asset until it is disposed of.

	Group		Company	
	2022 **$'000**	**2021** **$'000**	**2022** **$'000**	**2021** **$'000**
At beginning of financial year	**(25,559)**	(14,465)	**(4,680)**	(3,930)
Fair value changes recognised in other comprehensive income	**317**	(11,149)	**270**	(750)
Reclassification upon divestment of financial assets at FVOCI	**(47)**	55	**–**	–
At end of financial year	**(25,289)**	(25,559)	**(4,410)**	(4,680)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

29. BANK BORROWINGS

	2021 $'000	2020 $'000
Non-current liabilities		
Secured		
– Term loan V	6,773	8,542
– Term loan VII	854	1,259
	7,627	9,801
Current liabilities		
Secured		
– Term loan I		
(which is subject to an unconditional callable clause)		
Portion of term loan due for repayment within one financial year	2,402	364
Portion of term loan due for repayment after one financial year	–	2,951
– Term loan II		
(which is subject to an unconditional callable clause)		
Portion of term loan due for repayment within one financial year	297	364
Portion of term loan due for repayment after one financial year	3,417	4,562
– Term loan III		
(which is subject to an unconditional callable clause)		
Portion of term loan due for repayment within one financial year	–	57
Portion of term loan due for repayment after one financial year	–	479
– Term loan IV	10,000	15,014
– Term loan V	1,745	3,293
– Term loan VI	–	1,001
– Term loan VII	412	400
– Term loan VIII	631	826
– Term loan IX	–	2,003
– Revolving credit	–	2,000
– Trust receipts	1,482	936
– Bank overdraft	668	698
	21,054	34,948
Total bank borrowings	28,681	44,749

The Group bank borrowings as follows:

a) Term loan I

The Group entered into a banking facility amounting to $5,932,000 on 15 February 2016 which is to finance the purchase of an investment property. The loan carries an interest at bank base rate plus 1.3% per annum. Repayment is to be made via 84 monthly instalments which commenced on 31 March 2016 and will continue until 28 February 2023. The loan is secured by:

(i) a charge over the Group's investment property (Note 13); and

(ii) the corporate guarantee provided by the Company.

As at the end of the reporting period, the outstanding borrowings amounted to $2,402,000 (2021: $3,315,000) and the interest rate is 1.37% (2021: 1.38%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

29. **BANK BORROWINGS** (CONTINUED)

The Group bank borrowings as follows: (Continued)

b) Term loan II

The Group entered into a banking facility amounting to $6,330,000 on 20 September 2017 which is to finance the purchase of an investment property. The loan carries an interest at bank base rate plus 1.2% per annum. Repayment is to be made via 84 monthly instalments which commenced on 31 October 2017 and will continue until 30 September 2024.

The loan is secured by:

(i) a charge over the Group's investment property (Note 13); and

(ii) the corporate guarantee provided by the Company.

As at the end of the reporting period, the outstanding borrowings amounted to $3,714,000 (2021: $4,926,000) and the interest rate is 1.27% (2021: 1.29%) per annum.

c) Term loan III

The Group entered into banking facilities amounting to $791,000 on 19 August 2016 which can be drawn down based on the Group's financing requirements and the term loan is fully redeemed in February 2022.

d) Term loan IV

The Group entered into a banking facility amount to $18,500,000 on 28 March 2018, which was revised to $17,000,000 on 9 July 2018 and $50,937,000 on 3 November 2021. The facility is a specific advance facility meant for financing the Group's building construction project, which the limit is subject to a step up/down schedule, fully repayable by 13 November 2023. The loan carries an interest at 1.15% per annum over the Bank's prevailing Cost of Funds. The loan is secured by:

(i) a charge over the receivables of construction contract, including charge on non-checking account for the specific property development project; and

(ii) the corporate guarantee provided by the Company.

As at the end of the reporting period, the outstanding borrowing amounted to $10,000,000 (2021: $15,014,000) and the interest rate is 3.54% (2021: 1.77%) per annum.

e) Term loan V

The Group entered into a banking facility amounting to $8,600,000 on 5 November 2018, which is to finance the purchase of two properties. The loan carries an interest at 3.32% for the first and second year of the loan, 2.95% for the third year of loan and 6.25% thereafter plus the bank cost of borrowings. The loan is secured by a first legal mortgage over the two buildings under Group's property, plant and equipment (Note 11). The term loan is repayable over 132 monthly instalments comprising of the principal amount and monthly interest. The monthly repayment commences on 17 June 2019 and will continue until 17 April 2030.

On 11 May 2022, the banking facility was revised with conversion of interest rate on the outstanding borrowing amounts of $7,019,000. The revised loan carries an interest at 0.88% over the applicable 3-month Compound Singapore Overnight Rate Average ("SORA") for the first year of conversion, 1.08% over the applicable 3-month Compounded SORA for the second year of conversion and 2.00% the applicable 3-month Compounded SORA for the third year of conversion and thereafter.

As at the end of the reporting period, the total outstanding borrowing amounts to $6,674,000 (2021: $7,434,000), comprising of both current and non-current loan amount of $911,000 (2021: $692,000) and $5,764,000 (2021: $6,742,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

29. BANK BORROWINGS (CONTINUED**)**

The Group bank borrowings as follows: (Continued)

e) Term loan V (Continued)

The Group entered into an additional banking facility amounting to $3,000,000 on 9 April 2020, which can be drawn down based on the Group's financing requirements. The loan carries an interest at 2.75% plus the bank cost of borrowings. The loan is secured by a corporate guarantee provided by the Company. The term loan is repayable over 60 monthly instalments comprising of the principal amount and monthly interest. The monthly repayment commences on 31 October 2020 and will continue until 30 September 2025.

As at the end of reporting period, the outstanding borrowings amounted to $1,843,000 (2021: $2,400,000), comprising of both current and non-current loan amount of $834,000 (2021: $600,000) and $1,009,000 (2021: $1,800,000) respectively.

The Group entered into an additional banking facility amounting to $10,500,000 on 28 April 2021, which can be drawn down based on the Group's financing requirements. The facility is a money market loan meant for financing one of the building construction project, which the limit is subjected to a step up/down schedule and is repayable by 1 April 2023. The loan carries an interest of 1.25% plus the bank cost of borrowings. The loan is secured by:

(i) a charge over the receivables of construction contract, including charge on non-checking account for the specific property development project; and

(ii) the corporate guarantee provided by the Company.

As at the end of the reporting period, the total outstanding borrowing amounts to $NIL (2021: $2,000,000).

f) Term loan VI

The Group entered into a banking facility amounting to $8,700,000 on 17 April 2019. The facility is a specific advance facility meant for financing of one of the Group's building construction project, which the limit is subject to a step up/down schedule and is repayable by 1 March 2022. The loan carries an interest at 1.25% plus the bank cost of borrowings. The loan is secured by:

(i) a charge over the receivables of construction contract, including charge on non-checking account for the specific property development project; and

(ii) the corporate guarantee provided by the Company.

The Term loan VI was fully repaid during the financial year, and as at the end of the reporting period, the outstanding borrowing amounted to $NIL (2021: $1,001,000).

Following the full repayment of Term loan VI, the banking facility was cancelled on 16 May 2022.

g) Term loan VII

The Group entered into a banking facility amount to $2,000,000 on 9 April 2020. The facility is a temporary bridging loan under the Enterprise Financing Scheme for working capital requirements. The loan carries an interest at 2.75% (2021: 2.75%) per annum and is repayable over 60 monthly instalments. The loan is secured by the corporate guarantee provided by the Company.

As at the end of reporting period, the outstanding borrowings amounted to $1,266,000 (2021: $1,659,000), comprising of both current and non-current loan amount of $412,000 (2020: $50,000) and $854,000 (2021: $1,259,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

29. BANK BORROWINGS (CONTINUED)

The Group bank borrowings as follows: (Continued)

h) Term loan VIII

The Group entered into banking facilities amounting to $1,000,000 on 25 September 2020 which can be drawn down based on the Group's financing requirements. The loan carries an interest at bank prevailing enterprise financing rate of 2.5%, payable over 60 monthly instalments. The loans are secured by:

(i) a mortgage over the Group's property, plant and equipment (Note 11); and

(ii) joint and several personal guarantee from Director of a subsidiary and a non-controlling interest.

As at the end of the reporting period, the outstanding borrowings amounted to $631,000 (2020: $826,000).

i) Term loan IX

The Group entered into a banking facility amount to $4,500,000 on 5 September 2019. The facility is a specific advance facility meant for financing of one of the Group's building construction project, which the limit is subject to a step up/down schedule. During the financial year, Term loan IX was fully repaid.

j) Revolving credits are repayable or rollover within 3 months (2021: 3 months) from the financial year end and the interest are revised to the market rates on the rollover date. These revolving credits are secured by:

(i) the existing legal assignment of project proceeds in respect of project financing; and

(ii) the corporate guarantee provided by the Company.

k) Trust receipts amounted to $1,482,000 (2021: $936,000) are unsecured but repayable on demand to the bank with a maximum tenor of up to 120 days. It bears interest of 1.7% to 1.9% over the bank prevailing prime rate of 2.25% per annum.

l) The Group entered into overdraft facilities amounting to $800,000 on 14 February 2018 and 29 December 2017 respectively which can be drawn down based on the Group's financing requirements. As at the end of the reporting period, the outstanding bank overdraft amounted to $668,000 (2021: $697,000) and is repayable on demand to the bank with a maximum tenor of up to 1 year. It bears interest at the Bank's prime rate, the current inerest rate is 5% (2021: 5%). The overdraft facility is secured by:

(i) deposits pledged with financial institution (Note 24); and

(ii) joint and several personal guarantee from Director of a subsidiary and a non-controlling interest.

The term loans repayable after one year which are classified as current liabilities that are subject to repayment on demand clauses are not expected to be settled within one year.

The Group is up to date with the scheduled repayments of the term loans and does not consider it probable that the banks will exercise its discretion to demand repayment for so long as the Group continues to meet the requirements. Further details of the Group's management of liquidity risk are set out in Note 39 to the financial statements.

Management estimates that the carrying amounts of the Group's borrowings approximate their fair values as these borrowings are at floating interest rates and repriced regularly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

29. BANK BORROWINGS (CONTINUED)

The Group bank borrowings as follows: (Continued)

Breach of subsidiary's financial covenants

A subsidiary of the Group has bank facilities of $3,800,000 of which $2,781,000 has drawdown (Note 29h, 29k, 29l). The subsidiary has not complied with the following financial covenants required by the banks:

i. the maintenance of positive net worth; and

ii. the maintenance of gearing ratio of not more than 1

Due to the non-compliance of the financial covenants, the banks are contractually entitled to request immediate repayment of the drawdown amount. The drawdown amount is presented as a current liability as at 30 September 2022. The bank had not requested early repayment of the drawdown as of the date when these financial statements were approved by the Directors.

Undrawn Commitments

As at 30 September 2022, the Group has undrawn committed banking facilities of $75.0 million (2021 $52.8 million) in respect of which all conditions precedent had been met.

30. LEASE LIABILITIES

	Land $'000	Equipment $'000	Motor Vehicles $'000	Warehouse $'000	Dormitories $'000	Total $'000
Group						
Balance at 1 October 2021	5,388	286	404	24	213	6,315
Additions	–	16	85	–	1,695	1,796
Modifications	(10)	–	–	–	(41)	(51)
Interest expense (Note 7)	168	7	19	2	16	212
Repayment during the financial year						
– Principal portion	(422)	(123)	(193)	(24)	(391)	(1,153)
– Interest portion	(168)	(7)	(19)	(2)	(16)	(212)
Balance at 30 September 2022	**4,956**	**179**	**296**	**–**	**1,476**	**6,907**

	Land $'000	Equipment $'000	Motor Vehicles $'000	Warehouse $'000	Dormitories $'000	Total $'000
Group						
Balance at 1 October 2020	5,796	402	427	118	461	7,204
Additions	–	–	100	–	2	102
Interest expense (Note 7)	178	11	21	2	9	221
Repayment during the financial year						
– Principal portion	(408)	(116)	(123)	(94)	(250)	(991)
– Interest portion	(178)	(11)	(21)	(2)	(9)	(221)
Balance at 30 September 2021	5,388	286	404	24	213	6,315

	2022 $'000	2021 $'000
Company		
Balance as at the beginning of the financial year	**79**	99
Interest expense	**2**	4
Repayment during the financial year		
– Principal portion	**(79)**	(20)
– Interest portion	**(2)**	(4)
Balance as at the end of the financial year	**–**	79

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

30. LEASE LIABILITIES (CONTINUED)

The maturity analysis of lease liabilities of the Group and the Company at the end of the reporting period are as follows:

	2022 $'000	2021 $'000
Group		
Contractual undiscounted cash flows		
– Not later than one financial year	**2,185**	1,087
– After one financial year but within five financial years	**2,473**	2,601
– More than five financial years	**3,436**	3,783
	8,094	7,471
Less: Future interest expense	**(1,187)**	(1,156)
Present value of lease liabilities	**6,907**	6,315
Presented in statements of financial position		
– Non-current	**4,942**	5,423
– Current	**1,965**	892
	6,907	6,315

	2022 $'000	2021 $'000
Company		
Contractual undiscounted cash flows		
– Not later than one financial year	**–**	25
– After one financial year but within five financial years	**–**	61
	–	86
Less: Future interest expense	**–**	(7)
Present value of lease liabilities	**–**	79
Presented in statements of financial position		
– Non-current	**–**	58
– Current	**–**	21
	–	79

The Group leases land, equipment, dormitories and warehouse in Singapore. As at 30 September 2022, the average incremental borrowing rate applied in the lease were 3.6% (2021: 3.3%).

As at 30 September 2022, the Group and the Company leased certain motor vehicles under finance lease and the average discount rate implicit in finance lease was 2.72% (2021: 3.73%) and NIL (2021: 2.68%) respectively.

Interest rates are fixed at the contract date. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's and the Company's lease liabilities of $296,000 and $NIL (2021: $404,000 and $79,000) respectively were secured over motor vehicles (Note 11).

The details for right of use assets is disclosed in Note 12.

The lease liabilities are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

31. MEDIUM TERM NOTES

	2022 $'000	2021 $'000
Balance at beginning of financial year	47,955	98,952
Issued during the financial year	–	–
Redemption during the financial year	(12,750)	(51,250)
Unwinding of discount on medium term notes	23	253
Balance at end of financial year	35,228	47,955
Presented in statements of financial position		
– Current	35,228	47,955
	35,228	47,955

On 15 September 2017, $85,000,000 were issued from the MTN programme under Series 002 (the "MTN 2") and the MTN 2 carried fixed interest of 5.75% per annum with interest payable semi-annually. The MTN 2 was unsecured and matured on 15 September 2021.

On 19 August 2020, $48,000,000 were issued from the MTN programme under Series 003 (the "MTN 3") and the MTN 3 carried fixed interest of 6.25% per annum with interest payable semi-annually. The MTN 3 is unsecured and will mature on 19 August 2023.

The MTN 3 comprises:

(i) $33,750,000 in aggregate principal amount of New Notes issued as part of the Exchange Consideration for MTN 2; and

(ii) $14,250,000 in aggregate principal amount of additional New Notes issued pursuant to the Additional New issue.

The MTN 3 are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and redeem prior to the maturity date, subject to the occurrence of early redemption condition as follows:

- additional tax obligation to the Company due to any change in, or amendment to, the laws or regulation of Singapore;
- on event of default; or
- change in control of the Company.

MTN 3 contained certain covenants that the Group will ensure that:

(i) its Consolidated Tangible Net Worth shall not at any time be less than $70,000,000;

(ii) the ratio of Consolidated Total Borrowings to Consolidated Tangible Net Worth shall not at any time exceed 1.50:1;

(iii) the ratio of Consolidated Secured Debt to the Consolidated Total Assets of the Issuer shall not at any time be more than 0.50:1; and

(iv) the ratio of EBITDA to Interest Expense shall not at any time be less than 2.00:1.

Management estimated the fair value of these Notes as at 30 September 2022 to be approximately $34,947,000 (2021: $46,190,000). The fair value is based on the bid price extracted from SGX-ST as at the end of the reporting period. The Notes are classified as Level 1 fair value hierarchy.

The Group has not been able to maintain a ratio of EBITDA to interest expenses of not less than 2:00 as at 31 March 2021 ("1H2021") and 30 September 2021 ("2021") The breach of the financial covenant constitutes an Event of Default (as defined in the Trust Deed) lead to a reclassification of the presentation of the Notes from non-current liabilities to current liabilities in the statement of financial position in FY2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

31. MEDIUM TERM NOTES (CONTINUED)

On 28 January 2022, through a Consent Solicitation Exercise, the Group obtained the consent of its Noteholders to:

(a) include a cure mechanism (by way of an interest service reserve account for the Notes) in respect of any non-compliance with the required threshold for the ratio of EBITA to interest expense;

(b) waive certain provisions of the Trust Deed and the Conditions as a result of any non-compliance with the EBITA-Interest Threshold in respect of Financial period ended 31 March 2021 and financial year ended 30 September 2021; and

(c) waive the occurrence of any Event(s) of Default or Potential Event(s) of Default as a result of any non-compliance with the EBITA-interest threshold in respect of Financial period ended 31 March 2021 and financial year ended 30 September 2021.

On 17 February 2022, Notice was given to the Noteholders that as at 11 February 2022, a Change of Control Event has occurred under Condition 6(b)(ii) of the Notes, it therefore confers upon Noteholders the option (the "Put Option") for early redemption of the Notes. Certain Noteholders exercised the put option, amounting to $12,750,000 in aggregate principle of the Notes, payable on 18 April 2022.

On 18 April 2022, the Company redeemed $12,750,000 in aggregate principal amount of the Notes (the "Redeemed Notes") and that the Redeemed Notes have been cancelled on the same day, in accordance with the terms and conditions of the Notes. Following the cancellation of the Redeemed Notes, the aggregate outstanding principal amount of the Notes is $35,250,000.

On 17 May 2022, the Company made a one-time deposit into the interest service reserve account for the Notes as the cure mechanism in respect of any non-compliance with the required threshold for the ratio of EBITA to Interest Expense. Arising from it, although the Group are unable to meet the required threshold for the ratio of EBITA to interest expense, as at 31 March 2022 ("1H2022") and 30 September 2022 ("2022"), it is not a breach of the financial covenants of MTN 3 and does not constitute an Event of Default.

The medium term notes are denominated in Singapore dollar.

32. PROVISIONS

	Current liabilities			Non-current liabilities	
	Provision for onerous contracts $'000	Provision for warranty and defects $'000	Provision for share of loss in joint venture $'000	Provision for restoration costs $'000	Total $'000
Group					
30 September 2022					
Balance at beginning of financial year	**7,526**	**2,322**	**4,271**	**512**	**14,631**
Provision made	**3,668**	**–**	**2,452**	**–**	**6,120**
Balance at end of financial year	**11,194**	**2,322**	**6,723**	**512**	**20,751**
30 September 2021					
Balance at beginning of financial year	2,717	1,822	–	512	5,051
Provision made	4,809	500	4,271	–	9,580
Balance at end of financial year	7,526	2,322	4,271	512	14,631

At the end of the reporting period, the Group recognised $11,194,000 (2021: $7,526,000) provision for the unavoidable costs of fulfilling certain construction contract with customers, that were in excess of the economic benefits expected to be received under the contract. The provision for the onerous contract is expected to be utilised by the end of the contract term.

Provision for warranty is recognised based on the claims experienced in the past and the level of repairs experienced for similar projects. A reversal of provision for warranty is made due to expiration of warranty period for completed project. The Group has undertaken to perform the necessary repairs should the work carried out by the Group fail to perform satisfactorily.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

32. PROVISIONS (CONTINUED)

Provision for share of loss in joint venture is recognised where the Group's share of losses exceeds the Group's carrying amount of its investment in joint ventures as disclosed in Note 16 to the consolidated financial statements.

A provision is recognised for expected restoration cost in relation to properties. The provision for restoration costs are the estimated costs of dismantlement, removal or restoration of property arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

At the end of the reporting period, the Group recognised total $6,723,000 (2021: $4,271,000) provision for the share of loss in joint venture.

33. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2022 $'000	**2021 $'000**
Deferred tax assets	**70**	67
Deferred tax liabilities	**(1)**	(1)

Movements in deferred tax assets are as follows:

	Group	
	2022 $'000	**2021 $'000**
Balance at beginning of financial year	**67**	593
Credited to profit or loss	**–**	(524)
Foreign currency translation differences	**3**	(2)
Balance at end of financial year	**70**	67

Movements in deferred tax liabilities are as follows:

	Group	
	2022 $'000	**2021 $'000**
Balance at beginning and end of financial year	**(1)**	(1)

Deferred tax assets are attributable to the following temporary differences:

	Group	
	2022 $'000	**2021 $'000**
Accelerated tax depreciation	**70**	67

Deferred tax liabilities are attributable to the following temporary differences:

	Group	
	2022 $'000	**2021 $'000**
Accelerated tax depreciation	**(1)**	(1)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

33. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The amount of the deferred tax income or expense in respect of each type of unutilised tax losses and unutilised tax credits recognised in profit or loss are as follows:

	Group		
	Unutilised tax losses $'000	Accelerated tax depreciation $'000	Total $'000
2022			
Balance at beginning of financial year	–	67	67
Foreign currency translation differences		3	3
Balance at end of financial year	–	70	70
2021			
Balance at beginning of financial year	81	511	592
Credited to profit or loss	(81)	(443)	(524)
Foreign currency translation differences	–	(1)	(1)
Balance at end of financial year	–	67	67

34. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-current payable				
Non-trade payables				
– shareholders	12,750	–	12,750	–
Current				
Trade payables				
– third parties	11,034	5,753	–	–
– accrued subcontractor expenses	45,952	13,176	–	–
	56,986	18,929	–	–
Non-trade payables				
– third parties	61	121	–	–
– due to a director and non- controlling interest of subsidiary	2,422	2,422	–	–
Rental deposits	699	828	–	–
Accrued operating expenses	4,390	4,336	693	687
Corporate guarantee liability	912	1,616	912	1,616
Deferred government grant income	–	54	–	–
Goods and services tax payable	322	21	–	–
	65,792	28,327	1,605	2,303
Total	78,542	28,327	14,355	2,303

Non-trade amounts due from ultimate shareholders are unsecured, bears interest rate of 6.25% per annum and has no fixed repayment terms and is repayable only when the cashflows of the subsidiary permit.

Trade and non-trade payables to third parties are unsecured, non-interest bearing and generally on 30 to 60 (2021: 30 to 60) days credit terms.

Non-trade amount due to a director and non-controlling interest of subsidiary is unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

34. TRADE AND OTHER PAYABLES (CONTINUED)

The provision for corporate guarantees is related to corporate guarantees to bank for borrowings of an associate. These guarantees qualify as financial guarantees because the Group and the Company is required to reimburse the banks in the event of breach of any repayment term.

Deferred government grant income is in respect of JSS, details of which are disclosed in Note 22 to the financial statements.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Singapore dollar	**64,975**	17,177	**1,605**	2,303
United States dollar	**14**	319	**–**	–
Japanese yen	**760**	10,829	**–**	–
Chinese Yuan	**5**	–	**–**	–
Malaysian ringgit	**38**	2	**–**	–
	65,792	28,327	**1,605**	2,303

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(i) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(ii) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company entered into the following transactions with their related parties during the financial year at rates and terms between the parties:

	Group	
	2022 $'000	**2021 $'000**
Joint ventures		
Contract revenue from joint ventures	**23,029**	26,144
Loan to joint ventures	**–**	2,895
Interest charged to joint ventures	**667**	1,024
Payment on behalf of joint ventures	**575**	479
Associates		
Loan to associates	**–**	1,626
Cash advances to associates	**–**	470
Rental charged by associates	**–**	20
Payment on behalf by associates	**5**	–
Payment made on behalf of associates	**9**	389
Management fee charged to associates	**300**	300
Interest charge to associates	**3,463**	2,945

As at end of reporting period, the outstanding balances in respect of the above related party transactions are disclosed in Note 15, 16 and 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

	Group and Company	
	2022 $'000	2021 $'000
Directors' interest in medium term notes		
– Leo Ting Ping, Ronald	**2,000**	2,000
– Chong Weng Hoe	**250**	250
– Fong Heng Boo	**500**	500
Interest expense		
– Leo Ting Ping, Ronald	**125**	125
– Chong Weng Hoe	**16**	16
– Fong Heng Boo	**31**	31

Compensation of key management personnel

The remuneration of the key management personnel of the Group during the financial year was as follows:

	Group	
	2022 $'000	2021 $'000
Directors of the Company		
– Short-term benefits	**1,474**	1,782
– Post-employment benefits	**21**	27
– Directors' fees	**210**	192
Other key management personnel		
– Short-term benefits	**493**	263
– Post-employment benefits	**36**	17
	2,234	2,281

36. COMMITMENTS

Operating lease commitments

Group as a lessor

In respect of the investment properties disclosed in Note 13 to the financial statements, the Group lease out its investment properties and warehouse to third parties and an associate under non-cancellable operating leases. These leases have a tenure range from 1 to 4 financial years with options to renew.

Future minimum rentals receivables under non-cancellable operating leases as at the reporting date are as follows:

	Group	
	2022 $'000	2021 $'000
Not later than one financial year	**1,914**	1,970
Later than one financial year but not later than five financial years	**1,666**	2,478
	3,580	4,448

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

37. FINANCIAL GUARANTEES

As at 30 September 2022, the Company has issued corporate guarantees amounting to $213,607,000 (2021: $231,129,000) to banks for banking facilities of certain subsidiaries and associate. In addition, the Company has also issued corporate guarantees amounting to $38.6 million (2021: $4.6 million) to financial institutions on performance bonds relating to the projects of its subsidiaries.

The maximum amount of the Company could be forced to settle under the guarantees obligation if the full guaranteed amount is claimed by the counterparties to the guarantees, is $213,607,000 (2021: $231,129,000). The earliest period that the guarantees could be called is within 1 year from reporting date. As at 30 September 2022, the Group and the Company have accounted for a corporate guarantee liability of $912,000 (2021: $1,616,000) (Note 34).

The Company has not recognised any liability in respect of the guarantees given to the banks for banking facilities granted to the subsidiaries as the Company's directors have assessed that the likelihood of the subsidiaries defaulting on repayment of its banking facilities are remote. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

As at the end of the financial year, the Company had also given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

38. SEGMENT INFORMATION

For management reporting purposes, the Group is organised into four main operating divisions as follows:

- The construction segment is in the business of general building contractors.
- The property development segment is in the business of developing properties with other partners. The Group has investments in associates or joint ventures and available-for-sale financial assets which are special purpose entities set up for the purpose of property development. The returns from this segment is included in the "Share of results from associates or joint ventures".
- The investment property segment is in the business of leasing office and retail shops in two commercial buildings acquired in Osaka Japan.
- Investment holding segment is related to Group-level corporate services and investments in quoted and unquoted equity shares.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit from operations.

Inter-segment pricing, if any, is determined on an arm's length basis.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

In presenting geographical information, segment revenue is based on the billing location of customers.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

38. SEGMENT INFORMATION (CONTINUED)

	Buildings and construction $'000	Property development $'000	Investment property $'000	Investment holding $'000	Elimination $'000	Total $'000
Group						
2022						
Revenue						
External revenue	**146,740**	**–**	**1,327**	**–**	**–**	**148,067**
Inter-segment sales	**–**	**382**	**–**	**–**	**(382)**	**–**
	146,740	**382**	**1,327**	**–**	**(382)**	**148,067**
Loss from operations						
Share of results from joint ventures, net of tax	**–**	**9,568**	**–**	**–**	**–**	**9,568**
Share of results from associates, net of tax	**–**	**(5,529)**	**–**	**–**	**–**	**(5,529)**
Interest income	**4,047**	**–**	**–**	**149**	**–**	**4,196**
Interest expenses	**(1,127)**	**–**	**(96)**	**(3,039)**	**–**	**(4,262)**
Depreciation and amortisation	**(4,945)**	**–**	**(555)**	**(4)**	**–**	**(5,504)**
Income tax (expense)/credit	**(358)**	**–**	**(303)**	**4**	**–**	**(657)**
Reportable segment profit/(loss) before income tax	**(44,611)**	**703**	**(2,268)**	**242**	**–**	**(45,934)**
Net profit/(loss) for the financial year after tax	**(44,969)**	**703**	**(2,571)**	**246**	**–**	**(46,591)**
Other information:						
Additions to non-current assets	**479**	**–**	**–**	**–**	**–**	**479**
Investments in joint ventures	**–**	**6,717**	**–**	**–**	**–**	**6,717**
Investments in associates	**–**	**27,618**	**–**	**–**	**–**	**27,618**
Segment assets	**186,090**	**63,802**	**18,368**	**13,508**	**–**	**281.768**
Segment liabilities	**115,617**	**135**	**7,156**	**49,588**	**–**	**172,496**

	Buildings and construction $'000	Property development $'000	Investment property $'000	Investment holding $'000	Elimination $'000	Total $'000
Group						
2021						
Revenue						
External revenue	75,411	–	1,541	–	–	76,952
Inter-segment sales	–	216	–	–	(216)	–
	75,411	216	1,541	–	(216)	76,952
Loss from operations						
Share of results from joint ventures, net of tax	–	(2,835)	–	–	–	(2,835)
Share of results from associates, net of tax	–	(5,853)	–	–	–	(5,853)
Interest income	3,860	–	–	228	–	4,088
Interest expenses	(853)	–	(117)	(6,056)	–	(7,026)
Depreciation and amortisation	(4,672)	–	(627)	(49)	–	(5,348)
Income tax expense	(2,565)	–	–	(8)	–	(2,573)
Reportable segment profit/(loss) before income tax	(16,872)	3,351	(598)	(3,488)	–	(17,607)
Net profit/(loss) for the financial year after tax	(19,437)	3,351	(598)	(3,496)	–	(20,180)
Other information:						
Additions to non-current assets	1,299	–	31	–	–	1,330
Investments in joint ventures	–	32,275	–	–	–	32,275
Investments in associates	–	31,055	–	–	–	31,055
Segment assets	179,586	88,167	25,102	11,640	–	304,495
Segment liabilities	85,350	33	11,172	50,340	–	146,895

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

38. SEGMENT INFORMATION (CONTINUED)

	Group	
	2022 $'000	2021 $'000
Non-current assets		
Singapore	**56,369**	90,251
Maldives	**3**	349
Japan	**16,910**	21,382
Total non-current assets	**73,282**	111,982

Non-current assets consist of property, plant and equipment, intangible assets, investment properties, investments in associates and investments in joint ventures.

Major customers

During the financial year, the Group's revenue attributable to 4 (2021: 3) customers represent approximately 89% (2021: 82%) of total revenue. Revenue from certain customers (named alphabetically A to D of the Group's construction segment amount to approximately $131,989,000 (2021: $62,920,000). The details of these customers which individually contributed 10 percent or more of the Group's revenue in the financial year are as follows:

	2022		2021	
	$'000	%	$'000	%
Customer A	**58,340**	**39**	28,792	37
Customer B	**26,646**	**18**	18,885	25
Customer C	**23,973**	**16**	15,243	20
Customer D	**23,030**	**16**	–	–
	131,989	**89**	62,920	82

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's and the Company's activities expose them to credit risk, market risk (including equity price risk, interest rate risk and foreign exchange risk) and liquidity risk. The Group and the Company do not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange rates.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's major classes of financial assets are trade and other receivables, contract assets, finance lease receivables and cash and bank balances. The Group has adopted a policy of only bidding for contracts from developers with good financial standings. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collaterals.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follows:

	Company	
	2022	**2021**
	$'000	**$'000**
Committed corporate guarantees provided to banks for subsidiaries' and associate's banking facilities as at the end of reporting period	**221,695**	229,513

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except as follows:

a) At the end of the reporting period, the Group has outstanding trade receivables from 3 (2021: 3) customers which represent 67% (2021: 50%) of total trade receivables balance.

b) At the end of the reporting period, the retention sum from 3 (2021: 3) customers represent 84% (2021: 97%) of total retention sum receivables.

The Group defines counterparties as having similar characteristics if they are related entities. Ongoing evaluation is performed on the financial condition of accounts receivable.

Expected credit loss model is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the model to adjust historical credit loss experience with industry future outlook. At each reporting period, historical default rates are updated and change in the industry future outlook is reassessed. The Group and the Company also evaluate expected credit loss on credit-impaired receivables separately at each reporting period.

The expected credit loss computed is derived from historical data and credit assessment includes forward-looking information which management view is representative of the customers' credit situation at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Trade receivables and contract assets

The following table provides information about the exposure to credit loss for trade receivables as at the end of reporting period:

	Group			
	Expected credit loss rates	Gross carrying amount $'000	Loss allowance $'000	Carrying amount $'000
2022				
Trade receivables				
Not past due	0%	**19,618**	**–**	**19,618**
Past due but not impaired	0%			
– less than 1 month	0%	**155**	**–**	**155**
– 1 to 3 months	0%	**9**	**–**	**9**
– 3 to 6 months	0%	**3**	**–**	**3**
– over 6 months	9%	**4,718**	**(440)**	**4,278**
Contract assets				
Not past due	8%	**41,839**	**(3,325)**	**38,514**
		66,342	**(3,765)**	**62,577**
2021				
Trade receivables				
Not past due	0%	5,923	–	5,923
Past due but not impaired				
– less than 1 month	0%	8	–	8
– 1 to 3 months	0%	69	–	69
– 3 to 6 months	0%	2	–	2
– over 6 months	20%	5,327	(1,057)	4,270
Contract assets				
Not past due	2%	36,181	(738)	35,443
		47,510	(1,795)	45,715

A loss allowance of $3,765,000 (2021: $1,795,000) related to trade receivables and contract assets was recognised for trade receivables and contract assets due from private agencies.

Management believes that no impairment allowance is necessary for the remaining trade receivables and contract assets as these are well known institutions and government agencies, with good collection track record and no recent history of default, hence the expected credit loss is not material.

Retention sum

The Group has assessed expected credit loss allowance for remaining retention sum based on 12-month expected credit loss model.

The Group's impaired retention sum as at 30 September 2022 amounted to $4,512,000 (2021: $1,158,000). The impaired retention sum related to customers who had indicated that they were not likely to repay the outstanding balances due to economic circumstances or who have defaulted in payment terms. Management is of the view that loss allowance on remaining retention sum is insignificant.

Non-trade amounts due from third parties

The Group has assessed expected credit loss for non-trade amounts due from third parties based on 12-month expected credit loss model. The expected credit loss of these receivables has remained unchanged at $1,447,000 (2021: $1,447,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Non-trade amounts due from joint ventures

In determining the recoverability of receivable from the joint ventures, the Group considers the financial strength and financial performance of the joint ventures. The expected credit loss of these receivables has remained unchanged at $1,254,000 (2021: $1,254,000).

Non-trade amounts due from associates

For non-trade amounts due from associates, the Group and the Company have taken into account the financial strength and financial performance of the associates. The Group and the Company monitor and assess at each reporting date for any indicator of significant increase in credit risk on the amounts due from associates, by considering their financial performance.

At the end of the reporting period, the Group and the Company have assessed the associates' financial performance to meet the contractual cash flow obligations and have recognised an expected credit loss allowance of $1,821,000 and $958,000 (2021: $1,665,000 and $1,248,000) for non-trade amounts due from associates respectively (Note 22).

Non-trade amounts due from subsidiaries

For non-trade amounts due from subsidiaries and the amounts due from subsidiaries which formed part of the Company's net investment in subsidiaries, the Board of Directors has taken into account information that available internally about these subsidiaries' past, current and expected operating performance and cash flow position. The Board of Directors monitors and assesses at each reporting date of any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their financial performance and results. At the end of the reporting period, the Company has assessed its subsidiaries financial performance to meet the contractual cash flow obligations and has recognised expected credit loss allowance of $3,579,000 (2021: $3,579,000) for non-trade amounts due from subsidiaries (Note 22).

Cash and bank balances

The cash and bank balances are held with bank and financial institution counterparties, which are rated A3 to Aa1 for long-term deposit and P2 to P1 for short term deposit, based on Moody's rating. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment on cash and bank balances has been measured on the 12- month expected credit loss model. At the reporting date, the Group and the Company did not expect any material credit losses from non-performance by the counterparties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates that will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

(i) Equity prices

The Group is exposed to equity price risks arising from equity investments classified as financial assets at FVOCI. Equity investments carried at FVOCI are held for strategic reasons rather than trading purpose. The Group does not actively trade equity investments.

Further details of these equity investments can be found in Note 18 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of quoted equity investments carried at FVOCI, if the prices for equity securities listed on the Catalist Board of the Singapore Exchange Securities Trading Limited had been 32% (2021: 34%) higher or lower with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

– The Group's net profit for the financial years ended 30 September 2022 and 30 September 2021 would have been unaffected as the equity investments are classified as financial assets at FVOCI and no investments were disposed of or impaired; and

– The Group's fair value reserves would increase or decrease by $780,000 (2021: $735,000).

The equity price sensitivity analysis for unquoted equity investments carried at FVOCI is disclosed in Note 41.

(ii) Foreign exchange risk management

Currency risk arises from transactions denominated in currency other than the functional currency of the entities within the Group. The currencies that give rise to this risk are primarily United States dollar, Ringgit Malaysia and Maldives rufiyaa.

It is not the Group's policy to take speculative positions in foreign currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risk (Continued)

(ii) Foreign exchange risk management (Continued)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currency of the entities within the Group are as follows:

	Assets		Liabilities	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
United States dollar	**19,536**	18,121	**–**	–
Ringgit Malaysia	**754**	780	**–**	–
Maldives rufiyaa	**573**	493	**–**	–

The Group has foreign operations, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's risk management policies to ensure that the net exposure is at an acceptable level.

The Company is not exposed to any foreign exchange risk.

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% (2021: 5%) increase and decrease in the relevant foreign currencies against the functional currency of the entities within the Group. The 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2021: 5%) change in foreign currency rates. The sensitivity analysis includes loans to foreign operations within the Group where they gave rise to an impact to the Group's profit or loss.

If the relevant foreign currency strengthen or weakens by 5% against the functional currency of each group entity, profit or loss will increase/(decrease) by:

	Profit or loss	
	2022 $'000	**2021 $'000**
Group		
United States dollar		
Strengthens against functional currencies*	**977**	906
Weakens against functional currencies*	**(977)**	(906)
Ringgit Malaysia		
Strengthens against functional currencies#	**38**	39
Weakens against functional currencies#	**(38)**	(39)
Maldives rufiyaa		
Strengthens against functional currencies	**29**	25
Weakens against functional currencies	**(29)**	(25)

* Primary Singapore dollar and Japanese yen
# Primary Singapore dollar

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risk (Continued)

(iii) Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to variable rate bank borrowings with financial institutions. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

The exposure of the Group's borrowings to interest rate changes and contractual repricing dates as at the end of the reporting period are as follows:

	Weighted average effective interest rate		Group	
	2022 %	**2021 %**	**2022 $'000**	**2021 $'000**
Within 6 months	**3.15**	1.97	**15,691**	14,979
After 6 months but within 12 months	**2.20**	1.83	**1,513**	11,346
After one year but within five financial years	**2.20**	2.03	**9,099**	13,622
After five financial years	**2.28**	2.5	**2,378**	4,801
Total			**28,681**	44,748

The Company is not exposed to significant interest rate risk.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 50 basis points higher or lower and all other variables were held constant, the Group's profit for the financial year ended 30 September 2022 would decrease/increase by $143,000 (2021: decrease/increase by $270,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Company's profit or loss and equity are not significantly affected by the changes in interest rates as the Company has no significant variable interest bearing financial instruments.

Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to ensure that all repayment needs are met. As part of overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risk (Continued)

The following tables detail the Group's and the Company's remaining contractual maturity for financial instruments. The tables has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to pay. The tables includes both interest and principal cash flows.

Contractual maturity analysis

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Group				
30 September 2022				
Financial liabilities				
Trade and other payables (excluding goods and services tax payable, deferred revenue and deferred government grant income)	**66,269**	**13,746**	**–**	**80,015**
Bank borrowings	**17,553**	**11,589**	**2,554**	**31,696**
Lease liabilities	**2,185**	**2,473**	**3,436**	**8094**
Medium term notes	**37,221**	**–**	**–**	**37,221**
30 September 2021				
Financial liabilities				
Trade and other payables (excluding goods and services tax payable, deferred revenue and deferred government grant income)	28,252	–	–	28,252
Bank borrowings	35,626	9,861	270	45,757
Lease liabilities	1,087	2601	3,783	7,471
Medium term notes	53,683	–	–	53,683

	Within one financial year $'000	After one financial year but within five financial years $'000	After five financial years $'000	Total $'000
Company				
30 September 2022				
Financial liabilities				
Trade and other payables	**2,405**	**13,746**	**–**	**16,151**
Lease liabilities	**–**	**–**	**–**	**–**
Medium term notes	**37,221**	**–**	**–**	**37,221**
Financial guarantee contracts	**211,319**	**–**	**–**	**211,319**
30 September 2021				
Financial liabilities				
Trade and other payables	2,303	–	–	2,303
Lease liabilities	25	61	–	86
Medium term notes	53,683	–	–	53,683
Financial guarantee contracts	229,513	–	–	229,513

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

40. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concern and maintains an optimal capital structure so as to maximise shareholder's value. Except as disclosed in Note 4 to the financial statements, the Group and the Company are subject to and complied with externally imposed capital requirements which are financial covenants for the financial years ended 30 September 2022 and 30 September 2021, as disclosed in Note 31 to the financial statements.

The Group and the Company constantly review the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on its operating cash flows. The Group's and the Company's overall strategy remain unchanged during the financial years ended 30 September 2022 and 30 September 2021.

The Group and the Company monitor capital based on a gearing ratio, which is net debt divided by total capital. The Group and the Company include within net debt, trade and other payables, bank borrowings, medium term notes and lease liabilities less cash, bank balances and fixed deposits which are not pledged. Total equity consists of total share capital, other reserves plus retained earnings. Total capital consists of net debt plus total equity.

	Group		Company	
	2022 $'000	2021 $'000	**2022 $'000**	2021 $'000
Trade and other payables	**78,542**	28,327	**14,355**	2,303
Bank borrowings	**28,681**	44,749	**–**	–
Lease liabilities	**6,907**	6,315	**–**	79
Medium term notes	**35,228**	47,955	**35,228**	47,955
Less: Cash, bank balances and fixed deposits which are not pledged	**(22,602)**	(21,813)	**(5,813)**	(2,875)
Net debt	**126,756**	105,533	**43,770**	47,462
Total equity	**111,027**	158,665	**9,035**	13,234
Total capital	**237,783**	264,198	**52,805**	60,696
Gearing ratio (%)	**53.3**	40.0	**82.9**	78.2

41. FAIR VALUE

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
30 September 2022				
Financial assets				
Financial assets, at FVTOCI				
– Quoted equity shares	**2,415**	**–**	**–**	**2,415**
– Unquoted equity shares	**–**	**–**	**28,727**	**28,727**
Financial assets, at FVTPL	**–**	**–**	**19,806**	**19,806**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

41. FAIR VALUE (CONTINUED)

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
30 September 2021				
Financial assets				
Financial assets, at FVTOCI				
– Quoted equity shares	2,145	–	–	2,145
– Unquoted equity shares	–	–	28,727	28,727
Financial assets, at FVTPL	–	–	19,806	19,806

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company				
30 September 2022				
Financial assets				
Financial assets, at FVOCI				
– Quoted equity shares	**2,415**	**–**	**–**	**2,415**
Company				
30 September 2021				
Financial assets				
Financial assets, at FVOCI				
– Quoted equity shares	2,145	–	–	2,145

There were no transfers between levels of the fair value hierarchy during the financial year.

Financial assets at FVOCI

Investment 1

Unquoted equity shares amounting to $NIL (2021: $NIL) have been valued as cost approach based on the nature and the carrying amount of the assets and liabilities of the investee. The investee's net assets comprise mainly bank balances and other payables where the carrying values approximates their fair values and this valuation is at level 3 of the fair value hierarchy.

Investment 2

Description	Fair value as at 30 September 2022 $'000	Fair value as at 30 September 2021 $'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unquoted equity shares	**28,727**	28,727	Level 3	Cost approach – the valuation model is based on the nature and the carrying amount of the assets and liabilities of the investee.	The fair values of investment properties with reference to the valuation report performed by independent professional valuer that are not developed by the Group.	An increase in the carrying amount of the investment properties would result in an increase in the fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

41. FAIR VALUE (CONTINUED)

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets at FVTPL

Description	Fair value as at 30 September 2022 $'000	Fair value as at 30 September 2021 $'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	2022	2021	Relationship of unobservable inputs to fair value
Loans to third party	**19,806**	19,806	Level 3	The fair value of loans to third party is determined based on discounted cash flow method, taking into consideration the estimated duration required for the investee to repay and discount rate.	Discount rates	**12.3%**	9.4%	An increase in discount rates used would result in a decrease in the fair value.
					Estimated duration	**5 years**	6 years	An increase in the estimated duration expected for the investee to repay the loans would result in a decrease in the fair value.

Fair value of the financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying amounts of the Group's and Company's current financial assets and current financial liabilities approximate their fair values as at the end of the reporting periods due to the relatively short period of maturity of these financial instruments. The management considers that the fair values of Group's and Company's non-current financial assets and financial liabilities were not materially different from their carrying amounts at the end of the reporting years except as disclosed in Notes 22 and 31 to the financial statements.

42. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Financial assets				
Financial assets at FVOCI	**31,142**	30,872	**2,415**	2,145
Financial assets at FVTPL	**19,806**	19,806	**–**	–
Financial assets at amortised cost	**115,818**	102,067	**25,264**	25,035
Financial liabilities				
Financial liabilities, at amortised cost	**149,035**	127,271	**49,583**	50,337

43. DEVELOPMENT OF COVID-19 OUTBREAK AND ITS IMPACT ON THE GROUP

As the COVID-19 situation is still evolving, the full effect of the outbreak is still uncertain and the Group is therefore unable to provide a quantitative estimate of the potential impact of this outbreak on the Group. The Group continues to monitor and evaluate any possible impact on the Group´s business and will consider implementation of various measures to mitigate the effects arising from the COVID-19 situation. Based on management's latest assessment, there is no indicator that the going concern assumption used by the Group in preparing the financial statement is inappropriate.

ANALYSIS OF SHAREHOLDINGS

AS AT 14 DECEMBER 2022

Issued and Fully Paid-Up Capital (including Treasury Shares):	$25,817,265
Issued and Fully Paid-Up Capital (excluding Treasury Shares):	$22,514,415
Number of Issued Shares (excluding Treasury Shares):	235,010,000
Number/Percentage of Treasury Shares:	7,555,000 (3.21%)
Class Of Shares:	Ordinary shares
Voting Rights (excluding Treasury Shares):	One Vote Per Share
No. of Subsidiary Holdings	Nil (0%)

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	3	0.78	100	0.00
100 – 1,000	30	7.77	15,600	0.01
1,001 – 10,000	141	36.53	891,800	0.38
10,001 – 1,000,000	201	52.07	20,973,602	8.92
1,000,001 AND ABOVE	11	2.85	213,128,898	90.69
TOTAL	386	100.00	235,010,000	100.00

Based on the information available to the Company, as at 14 December 2022, approximately 13.56% of the issued ordinary shares of the Company is held by the public. Hence, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TOP TWENTY SHAREHOLDERS AS AT 14 DECEMBER 2022	NO. OF SHARES	%
CITIBANK NOMINEES SINGAPORE PTE LTD	113,475,820	48.29
LJHB CAPITAL (S) PTE LTD	61,411,398	26.13
IFAST FINANCIAL PTE LTD	9,185,300	3.91
DBS NOMINEES PTE LTD	8,842,300	3.76
LEO TING PING RONALD	5,231,180	2.23
BNP PARIBAS NOMINEES SINGAPORE PTE LTD	5,000,000	2.13
LIM SIAK MENG	3,835,800	1.63
LIM EWE GHEE	2,000,000	0.85
LEO SHU YAN, NICOLE (LIANG SHUYAN)	1,700,000	0.72
TEOU KEM ENG @ TEOU KIM ENG	1,402,000	0.60
EST OF FOO CHEK HENG, DECEASED	1,045,100	0.44
TEOU CHUN TONG JASON	1,000,000	0.42
TEOU CHOON GEE	746,500	0.32
RAFFLES NOMINEES (PTE) LIMITED	745,200	0.32
ABN AMRO CLEARING BANK N.V.	716,800	0.30
CHEONG SHUEK MUI	700,000	0.30
CHOW KWOK HONG	700,000	0.30
LIM GUAN CHEW	700,000	0.30
ANG JUI KHOON	662,300	0.28
LIM AND TAN SECURITIES PTE LTD	540,500	0.23
	219,640,198	93.46

ANALYSIS OF SHAREHOLDINGS

AS AT 14 DECEMBER 2022

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 14 DECEMBER 2022 AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES HELD AS DIRECT	%	NO. OF SHARES HELD AS DEEMED	%
LEO TING PING RONALD[1]	5,231,180	2.23	22,500,000	9.57
LJHB CAPITAL (S) PTE LTD[2]	61,411,398	26.13	111,525,620	47.46
FOREVERTRUST INTERNATIONAL (S) PTE. LTD.[3]	–	–	172,937,018	73.59
LJHB HOLDINGS (S) PTE. LTD.[4]	–	–	172,937,018	73.59
LIU HAIYAN[5]	–	–	172,937,018	73.59

Notes:

1 Mr Leo Ting Ping Ronald is deemed interested in 5,000,000 shares held in the name of BNP Paribas Nominees Singapore Pte Ltd, 7,500,000 shares held in the name of DBS Nominees Pte Ltd and 10,000,000 shares held in the name of Citibank Nominees Singapore Pte Ltd.

2 LJHB Capital (S) Pte. Ltd, ("LJHB Capital") is deemed interested in 102,359,020 shares held in the name of Citibank Nominees Singapore Pte. Ltd. and 9,166,600 shares held in the name of iFast Financial Pte Ltd.

3 Forevertrust International (S) Pte. Ltd. ("Forevertrust") is the holding company of LJHB Capital and is therefore deemed to have interest in the shares held through LJHB Capital.

4 LJHB Holdings (S) Pte. Ltd. ("LJHB Holdings") is the holding company of Forevertrust and is therefore deemed to have interest in the shares held through LJHB Capital, its indirect wholly-owned subsidiary.

5 Liu Haiyan is the sole shareholder of LJHB Holdings.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting ("**AGM**") of Keong Hong Holdings Limited (the "**Company**") will be held by electronic means on Monday, 30 January 2023 at 2.30 p.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2022 and the Auditor's Report thereon. **Resolution 1**

2. To approve the proposed Directors' Fees of $197,046 for the financial year ended 30 September 2022. (2021: $193,205) **Resolution 2**

3. To re-elect the following Directors who are retiring by rotation pursuant to Article 117 of the Company's Constitution:–
   (i) Mr Leo Ting Ping Ronald *[See Explanatory Note (a)]* **Resolution 3**
   (ii) Mr Er Ang Hooa *[See Explanatory Note (a)]* **Resolution 4**
   (iii) Mr Chong Weng Hoe *[See Explanatory Note (b)]* **Resolution 5**

4. To re-appoint Mazars LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolution:

5. **Share Issue Mandate** **Resolution 7**

"That pursuant to Section 161 of the Companies Act 1967 (Singapore) (the "**Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Listing Manual**"), the Directors of the Company be authorised and empowered to:

(a) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(b) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit pursuant to Section 161 of the Act and Rule 806 of the Listing Manual; and

(c) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of such issuance of Shares,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of total issued Shares shall be based on the total issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards outstanding and/or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Mainboard Rules; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Mainboard Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and

(4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier." *[See Explanatory Note (c)]*

By Order of the Board

Heng Michelle Fiona and Lim Guek Hong
Company Secretaries

11 January 2023
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(a) Detailed Information pursuant to Rule 720(6) of the Listing Manual of the SGX-ST on Mr Leo Ting Ping Ronald and Mr Er Ang Hooa can be found on pages 158 to 160 of the Annual Report.

(b) Mr Chong Weng Hoe, if re-elected, will continue to serve as the Lead Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee. Mr Chong Weng Hoe is considered to be independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information pursuant to Rule 720(6) of the Listing Manual of the SGX-ST on Mr Chong Weng Hoe can be found on pages 158 to 160 of the Annual Report.

(c) The Ordinary Resolution 7 proposed in item 5 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting whichever is the earlier, to allot and issue Shares and/or the convertible securities. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) which the Directors may allot and issue under this Resolution, shall not exceed fifty per cent (50%) of the total issued Shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of Shares and/or convertible securities other than on a pro-rata basis to all existing shareholders of the Company shall not exceed twenty per cent (20%) of the total issued Shares (excluding treasury shares and subsidiary holdings).

Notes:

1. **Conduct of Meeting**

The AGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**").

Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, or "live" at the AGM, addressing of substantial and relevant questions "live" at, or prior to, the AGM and live voting by the Shareholders or his/her/its duly appointed proxy(ies) (other than the Chairman of the AGM) or by appointing the Chairman of the Meeting as proxy to vote on the members' behalf at the AGM, are set out herein. Members and proxy(ies) should note that the manner of conducting the AGM may be subject to further changes at short notice depending on any legislative amendments, directives, measures or guidelines from government agencies or regulatory authorities in relation to the evolving COVID-19 situation. Members and proxy(ies) should regularly check the Company's website at https://www.keonghong.com/newsroom.html or at the SGX website at https://www.sgx.com/securities/company-announcements for any further updates made by the Company.

2. **Annual Report 2022, Notice of AGM and Proxy Form**

Documents relating to the business of the AGM which comprise the Company's Annual Report 2022, Notice of AGM and Proxy Form have been published on SGX website at https://www.sgx.com/securities/company-announcements and the Company's website at https://www.keonghong.com/newsroom.html. Printed copies of these documents will be despatched to the shareholders accordingly.

3. **Registration to attend the live audio-visual webcast or live audio-only stream**

A member will be able to participate at the AGM by watching the AGM proceedings via live audio-visual webcast via his/her/its mobile phones, tablets or computers or by listening to the proceedings through a live audio-only stream via telephone. In order to do so, a member who wishes to watch the "live" webcast or listen to the "live" audio-only stream must pre-register via the pre-registration website at https://globalmeeting.bigbangdesign.co/keonghong2023agm/ by no later than **2.30 p.m. on Friday, 27 January 2023**.

To pre-register the live audio-visual webcast or live audio-only stream, kindly access the Pre-registration website, using either the latest versions of Chrome, Safari, Edge or Firefox.

Following the verification, authenticated members will receive an email on **28 January 2023** which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the telephone number to access the live audio-only stream (the "**Confirmation Email**").

NOTICE OF ANNUAL GENERAL MEETING

Members, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 28 January 2023 should contact the Company's webcast provider, Big Bang Design at webcast@bigbangdesign.co.

Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act 2001) and wish to watch the live audio-visual webcast or listen to the live audio-only stream of the AGM should approach their respective depository agents to pre-register by **5.00 p.m. on 16 January 2023** in order to allow sufficient time for their respective depository agents to in turn register their interest with the Company.

4. **Submission of Questions relating to the Agenda of the AGM**

Members and proxy(ies) may submit substantial and relevant textual questions related to the resolutions to be tabled for approval for the AGM in advance of, or "live" at, the AGM.

If a member wishes to **submit questions in advance of the AGM** related to the resolutions tabled for approval at the AGM, all questions must be submitted no later than **2.30 p.m. on Thursday, 19 January 2023** through the following means:

(a) by email to ir@keonghong.com;

(b) by post to the registered office of the Company at 9, Sungei Kadut Street 2, Singapore 729230; or

(c) by the pre-registration website at https://globalmeeting.bigbangdesign.co/keonghong2023agm/,

and provide the following details for verification purposes:

(a) your full name;

(b) NRIC/passport/company registration no.;

(c) contact number;

(d) email; and

(e) the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

Any question submitted without the identification details will not be addressed.

If a member wishes to **submit questions "live" at the AGM**, all questions must be submitted in the following manner:

(a) Members or where applicable, their appointed proxy(ies) and CPF or SRS Investors who have pre-registered and are verified to attend the AGM can ask questions relating to the ordinary resolutions tabled for approval at the AGM "live" at the AGM, by typing in and submitting their questions through the "live" ask-a-question function via the audio-visual webcast platform during the AGM within a certain prescribed time limit.

(b) Members who wish to appoint a proxy(ies) (other than the Chairman of the AGM) to ask questions "live" at the AGM on their behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), ensure that their proxy(ies) pre-register separately via the registration link before the Pre-registration Deadline, upon verification of the Proxy Form(s).

(c) Members (including CPF and SRS Investors) or, where applicable, their appointed proxy(ies) must access the AGM proceedings via the live audio-visual webcast in order to ask questions "live" at the AGM, and will not be able to do so via the live audio-only stream of the AGM proceedings.

(d) During the AGM itself, the Company will address as many substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) which have not already been addressed prior to the AGM, as well as those received "live" at the AGM itself, as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

NOTICE OF ANNUAL GENERAL MEETING

5. **Publication of Responses**

The Company will publish the responses to the substantial and relevant questions on the Company's website, at https://www.keonghong.com/newsroom.html and SGX website at https://www.sgx.com/securities/company-announcements.

If there are any relevant and subsequent questions received **after 19 January 2023**, the Company will address them during the AGM. For questions which are addressed during the AGM, the responses to such questions will be included in the minutes of AGM which will be published on the SGX website and the Company's website within one (1) month after the date of AGM.

6. **Pre-register to vote live at the AGM**

Members (whether individual or corporations) who pre-register to observe and/or listen to the live audio-visual webcast or live audio-only stream of the AGM proceedings and wish to vote on the resolutions to be tabled at the AGM may:

(a) (where such Members are individuals) vote live at the AGM by casting their votes for each resolution through real time remote electronic voting, or (where such Members are individuals or corporations) appoint a proxy(ies) (other than the Chairman of the Meeting*) to vote live at the AGM via real time remote electronic voting on their behalf by completing and submitting Proxy Forms appointing a proxy(ies); or

(b) (where such Members are individuals or corporations) appoint the Chairman of the Meeting as their proxy to vote on their behalf at the AGM, in accordance with the instructions set out in the relevant Proxy Forms.

* For the avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy (i.e. person other than the Chairman of the Meeting) to vote live at the AGM on their behalf.

Where Members (whether individual or corporation) appoint the Chairman of the Meeting as their proxy, they must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

Members including CPF/SRS Investors who wish to vote live at the AGM must first pre-register themselves at the pre-registration website at https://globalmeeting.bigbangdesign.co/keonghong2023agm/. Members who wish to appoint a proxy(ies) (other than the Chairman of the Meeting) to vote live at the AGM on their behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), pre-register their appointed proxy(ies) at the pre-registration website at https://globalmeeting.bigbangdesign.co/keonghong2023agm/.

Members including CPF/SRS Investors or, where applicable, their appointed proxy(ies) must access the AGM proceedings via the live audio-visual webcast in order to vote live at the AGM, and will not be able to do so via the audio-only stream of the AGM proceedings.

Members who hold Shares through relevant intermediaries (other than CPF/SRS Investors) who wish to vote should approach his/her relevant intermediary as soon as possible on the voting instructions.

7. **Submission of Proxy(ies) Forms**

(a) The instrument appointing proxy(ies) must be submitted to the Company in the following manner:

(i) if submitted by post, be lodged at the office of the Company's Share Registrar, B.A.C.S Private Limited, at 77 Robinson Road #06-03, Robinson 77, Singapore 068896; or

(ii) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com or through the pre-registration website for the AGM at http://globalmeeting.bigbangdesign.co/keonghong2023agm/.

in either case, by **2.30 p.m. on Friday, 27 January 2023**, being 72 hours before the time appointed for holding the AGM.

NOTICE OF ANNUAL GENERAL MEETING

(b) Members are strongly encourage to submit the completed proxy form electronically.

(c) CPF/SRS investors who hold the Company's shares:

(i) may vote live at the AGM via electronic means if they are appointed as proxies by their respective CPF Agent Banks/SRS Operators, and should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; or

(ii) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their CPF Agent Banks/SRS Operators to submit their votes by **5 p.m. on 16 January 2023**.

Personal data privacy:

By submitting an instrument appointing proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy(ies) for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Leo Ting Ping Ronald, Mr Er Ang Hooa and Mr Chong Weng Hoe, are the Directors seeking re-election at the annual general meeting of the Company on 30 January 2023 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of SGX-ST is set out below:

Name of Director	Leo Ting Ping Ronald	Er Ang Hooa	Chong Weng Hoe
Date of appointment	15 April 2008	26 September 2011	22 November 2011
Date of last re-appointment (if applicable)	28 January 2021	25 March 2022	28 January 2021
Age	71	70	58
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this re-appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the performance, contributions, qualifications, expertise, work experience and suitability of Mr Leo Ting Ping Ronald ("Mr Leo") for re-election as the Chairman and Chief Executive Officer of the Company. The Board has accepted the NC's recommendation and concluded that Mr Leo continues to possess the experience, expertise, knowledge and skills to contribute positively to the diversity of the Board. His leadership will continue to enhance Board deliberations and set the direction for the Group. With his in-depth knowledge of the Group's operations, Mr Leo is in a good position to oversee and manage the Group's operations in Singapore and overseas.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the performance, contributions, qualifications, expertise, work experience and suitability of Mr Er Ang Hooa ("Mr Er") for re-election as the Executive Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Er continues to possess the experience, expertise, knowledge and skills to contribute positively towards core competencies and diversity of the Board. With his in-depth knowledge of the construction business, Mr Er is in a good position to manage the operational activities in relation to the Group's construction projects.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualifications, work experience, and knowledge of Mr Chong Weng Hoe ("Mr Chong") for re-election as the Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Chong will be able to contribute his valuable experiences and knowledge as well as add towards the core competencies and to the diversity of the Board in the areas of skillsets, knowledge, experience, age and tenure of service.
Whether Board appointment is executive, and if so, the area of responsibility	The appointment is Executive. As Chairman & Chief Executive Officer, Mr Leo is responsible for formulating the Group's strategic direction and overall management of the Group's operations and business expansion.	The appointment is Executive. As Executive Director, Mr Er is responsible for all operational activities in relation to construction projects undertaken by the Group.	The appointment is Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member)	Chairman and Chief Executive Officer.	Executive Director.	Lead Independent Director, Chairman of the Nominating Committee and Member of the Audit Committee and Remuneration Committee.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Leo Ting Ping Ronald	Er Ang Hooa	Chong Weng Hoe
Academic/Professional qualifications	1) Bachelor of Engineering (Civil) with First Class Honours, National University of Singapore 2) Master of Science (Construction Engineering), National University of Singapore 3) Member, The Institution of Engineers Singapore 4) Associate, The Institute of Structural Engineers, United Kingdom 5) Professional Engineer, Singapore Professional Engineers Board in 1979	1) Bachelor of Science in Civil Engineering, University of Dundee, United Kingdom 2) Master of Science in Structural Steel Design, Imperial College, London 3) Graduate diploma in management and administration, Bradford University, United Kingdom	1) Bachelor of Engineering (Electrical), National University of Singapore 2) Master of Business Administration (Accountancy), Nanyang Technological University
Working experience and occupation(s) during the past 10 years	Mr Leo joined Keong Hong Construction Pte Ltd in 1985 as Managing Director, where he grew the business from a subcontractor to an established design and build main contractor of Building and Construction Authority A1 Grading. He led the Group to its initial public offering on the Catalist Board of the Singapore Exchange Securities Trading Limited on 16 December 2011. The Group was subsequently transferred to the Mainboard on 2 August 2016.	Mr Er has been the project director of Keong Hong Construction Pte Ltd since June 2010 and overseeing all operational activities relating to construction projects undertaken by the Group.	Mr Chong was a director of SUD PSB Pte Ltd from 2013 to 2017 to provide support in the development of the business. Thereafter, he was relocated to TUV SUD Asia Pacific Pte Ltd, to assume the position of Executive Vice President.
Any relationship (including immediate family relationships) with any existing director/existing executive officer of the Company or any of its principal subsidiaries and/or substantial shareholder	No	No	No
Conflict of interest (including any competing business)	No	No	No
Other Principal Commitments including Directorships			
Past 5 years	Nil	Nil	• Regal International Group Ltd • Singapore Paincare Holdings Limited
Present	Director of Keong Hong Group's subsidiaries, associated companies and joint venture companies.	Director of Keong Hong Group's subsidiaries, associated companies and joint venture companies.	• HC Surgical Specialists Limited • ISEC Healthcare Limited • Hong Fok Corporation Limited • TUD SUD Asia Pte Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Leo Ting Ping Ronald, Mr Er Ang Hooa and Mr Chong Weng Hoe have each provided an undertaking set out in Appendix 7.7 under Rule 720(1) of SGX-ST.

Each of the Retiring Directors has also individually confirmed that on each of the questions as set out in paragraphs (a) to (k) of Appendix 7.4.1 of the Listing Manual of the SGX-ST, the answer is “No”.

The shareholding interest in the Company and its subsidiaries of each of these Directors are disclosed in the Directors’ Statement on pages 48 to 50 of the Annual Report.

The disclosure on prior experience as a director of an issuer listed on the Exchange and details of prior experience is not applicable as this disclosure is only applicable to the appointment of a new director.

KEONG HONG HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
Company Reg No: 200807303W

PROXY FORM

(Please see notes overleaf before completing this form)

Important

1. The annual general meeting ("**AGM**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**").
2. Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions prior to, or "live" at, the AGM, submission of text-based questions during the AGM and voting live at the AGM by members or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) by real-time remote electronic voting or voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice of AGM dated 11 January 2023 which can be accessed via the Company's website at https://www.keonghong.com/newsroom.html and the SGX website at https://www.sgx.com/securities/company-announcements.
3. For investors who have used their Central Provident Fund or Supplementary Retirement Scheme monies to buy Shares in the Company (the "**CPF Investors**" or "**SRS Investors**"), this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF or SRS investors who wish to appoint proxy or proxies should approach their respective CPF Agent Banks or SRS Operators and submit their votes by **5 p.m. on 16 January 2023**.
5. By submitting an instrument appointing proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 January 2023.

I/We ______________________________ (Name) ____________ (NRIC/Passport/Company Registration No.) of ______________________________ (Address) being a member/members of KEONG HONG HOLDINGS LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing the person, or either or both the persons, referred to the above, the Chairman of the Meeting as my/our proxy to attend, and vote for me/us on my/our behalf at the Fifteenth AGM of the Company to be held by way of electronic means on **Monday, 30 January 2023 at 2.30 p.m.** and at any adjournment thereon in the following manner:

No.	Resolutions relating to:	For*	Against*	Abstain*
1.	To adopt the Directors' Statements, Auditor's Report and Audited Financial Statements for financial year ended 30 September 2022			
2.	To approve Directors' Fees of $197,046 for the financial year ended 30 September 2022 (2021: $193,205)			
3.	To re-elect Mr Leo Ting Ping Ronald as a Director of the Company			
4.	To re-elect Mr Er Ang Hooa as a Director of the Company			
5.	To re-elect Mr Chong Weng Hoe as a Director of the Company			
6.	To re-appoint Mazars LLP as Auditor of the Company and to authorise Directors to fix their remuneration			
	Special Business			
7.	General authority to allot and issue new shares pursuant to Section 161 of the Companies Act 1967 of Singapore			

(*Please indicate your vote "For", "Against" or "Abstain" with an "X" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" within the box provided.. If no specific director as to voting is given, the proxy(ies) will vote or abstain from voting at his/her/their discretion.

Dated this __________ day of ________________ 2023

Total No. of Shares Held	

____
Signature(s) of Member(s) or Common Seal

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the member.

2. Members (whether individual or corporations) who pre-register to observe and/or listen to the AGM proceedings and wish to vote on the resolutions to be tabled for approval at the AGM may:

    (a) (where such Members are individuals) vote live at the AGM by casting their votes for each resolution through real-time remote electronic voting, or (where such Members are individuals or corporations) appoint proxies (other than the Chairman of the Meeting*) to vote live at the AGM via real-time remote electronic voting on their behalf; or

    (b) (where such Members are individuals or corporations) appoint the Chairman of the Meeting as their proxy to vote on their behalf at the AGM, in accordance with the instructions set out in the relevant Proxy Forms.

3. CPF/SRS Investors may:

    (a) vote live at the AGM via electronic means if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should approach their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

    (b) appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case, they should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM to submit their votes which is by **5 p.m. on 16 January 2023**.

4. Persons who hold shares in the Company through relevant intermediaries (other than CPF/SRS Investors) may:

    (a) vote live at the AGM via electronic means if they are appointed as proxies by their relevant intermediaries, and should approach their relevant intermediaries if they have any queries regarding their appointment as proxies; or

    (b) appoint the Chairman of the Meeting as proxy, in which case they should approach their relevant intermediaries.

    "Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967.

5. The proxy need not be a Shareholder of the Company.

6. The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:

    (i) if submitted by post, be lodged with the Company's Share Registrar, B.A.C.S. Private Limited of 77 Robinson Road #06-03 Robinson 77, Singapore 068896;

    (ii) if submitted electronically, be submitted via email to the Company's Share Registrar at main@zicoholdings.com or through the pre-registration website for the AGM at https://globalmeeting.bigbangdesign.co/keonghong2023agm/.

    in either case, by **2.30 p.m. on 27 January 2023**, being at least 72 hours before the time for holding the AGM.

    A member who wishes to submit an instrument of proxy must first complete and sign the proxy form, before scanning and sending it to either by email to the email address provided above, via the pre-registration website, or submitting by post to the address provided above.

7 The instrument appointing proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.

8 Where an instrument appointing proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing proxy or proxies is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing proxy or proxies is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

9 The Company shall be entitled to reject the instrument appointing proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument proxy or proxies (including any related attachment). In addition, in the case of members whose shares entered against their names in the Depository Register, the Company may reject an instrument appointing proxy or proxies lodged or submitted if such members are not shown to have shares against their names in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

10 Members should take note that once this proxy form is submitted electronically via email to the Company's Share Registrar, they cannot change their vote as indicated in the box provided above.

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KEONG HONG
HOLDINGS LIMITED
强枫控股有限公司

(INCORPORATED IN THE REPUBLIC OF SINGAPORE ON 15 APRIL 2008)
(COMPANY REGISTRATION NO.: 200807303W)

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SAC Accredited Certification Body
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ES-2018-07
OSH-2008-01